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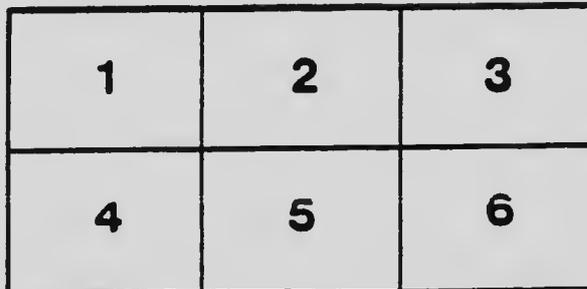
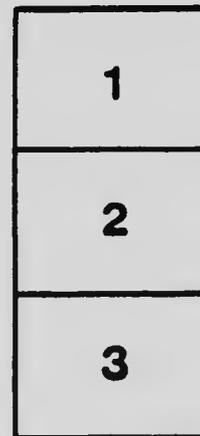
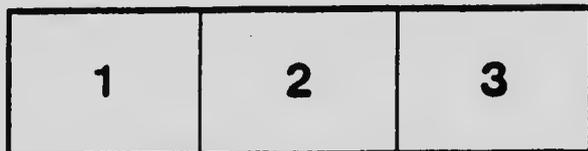
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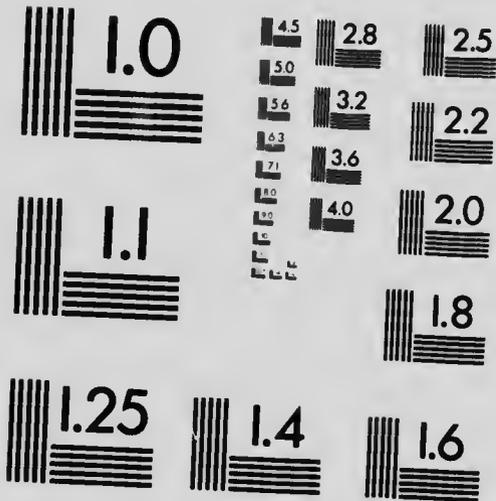
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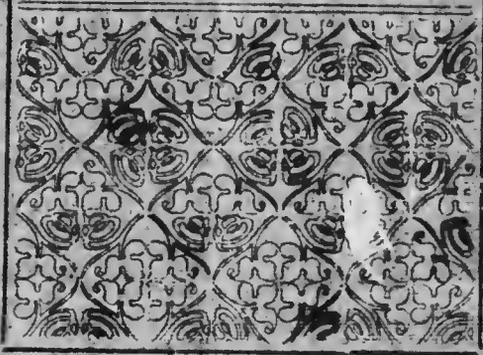
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ERRATA

Page 24, line 6, 'anti-British policy' should read, "anti-British feeling.

*With the compliments of the
Author*

Unity

OF THE

British Empire

AND

Preferential Duties

BY

H. Washington.

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PREFACE.

It will not be unsafe to assume that practically all the people owing allegiance to the British Crown, or who have once experienced and realized the personal liberty guaranteed under its protection, have a sincere desire for the unity and perpetuation of the Empire, and may be relied on to oppose any internal change that might endanger its continuity or check its material advance.

Recent events in South Africa manifested the degree of real and practical unity now existing. The most astute observers of Imperial affairs could not disguise their surprise at the evidences of its existence, or, unfriendly nations their chagrin.

There was a time within the memory of many people living, when such unity did not exist, but, when indeed, the signs of disintegration within the Empire were fast accumulating.

Before disturbing the conditions under which British Imperial unity has gathered such strength, we should at least be certain that the proposed change will not put out of action, any of the unifying influences which experience teaches have had such happy results.

The proposal now made to re-impose preferential duties within the Empire as against the rest of the World, is attracting wide attention, for it involves a change far reaching in its consequences.

As tersely as possible I have endeavored to point out the effect such duties would necessarily have on inter-imperial trade, and their probable effect on the Union. A few pages devoted to a feasible line by which closer union might be reached, and the probable condition on which its perpetuation depends concludes the pamphlet.



Probable Effect of Preferential Duties on Inter-Imperial Trade.

The industrial life of a modern community or body politic is inextricably complex. Internal and external influences are constantly vibrating through its nerves, and disturbing every fibre of its system daily. These influences are hourly changing the conditions under which profitable production can be carried on, whether on the farm, sea, or road, in the forest, mine, factory, warehouse, or shop. With the exception of the known effect of crop failures, war, plague, pests, storms and earthquakes, the cause of these disturbing influences, are as a rule unknown, at the time their effect becomes manifest. These changing conditions are constantly increasing the profits in some lines of industry, and decreasing the profits in others. It is impossible to predict what changes will manifest themselves in the immediate future. This uncertainty must always make it a dangerous experiment for governments to interfere with the people in their pursuit of profitable production; or in other words, in their effort to feed, clothe and house themselves; for this effort of the governed to obtain these results is the main, if not the only cause of profitable production.

When we consider the obvious truth, that it is from the current proceeds of profitable production out of which capital receives all returns for its use, all government expenses are paid, and in a word, all the disbursements of the community are drawn, the danger of tampering with its cause at once becomes apparent. In this connection it should be

kept in mind, that though it is true the conditions are constantly changing at all points throughout the world, under which profitable production can be carried on; the cause of production is the same at all times and places, namely, the necessity of the individual to provide food, clothes and shelter for himself and those dependent on him. Experience proves that this individual effort, enforced by nature, will cause wealth to increase in any country, in spite of the mistakes of rulers, the aggression of monopoly, and all other adverse conditions, short of such, that causes population to decrease. It is for this reason that all but the very worst governments, can point to the growth of wealth during their administration, as evidence of the wisdom of their acts.

The proposal now made by some of the representatives of the self-governing portions of the Empire, supported by certain politicians of Great Britain, is, that the Mother land should give the products of the outlying portions of the Empire a preference in her market, by putting a duty on similar products when imported from foreign countries, and that the colonies favor the products of the Mother land and each other in a similar way.

The imposition of such duties would of necessity suddenly change the conditions under which profitable production is carried on amongst the bread winners for the three hundred and ninety-six million inhabitants, who are now fed, clothed, and

housed, in peace and increasing comfort, within the broad domain of the Empire. Whether such a change would increase or decrease the per capita productiveness of this vast population, and thus tighten or loosen the bond that holds the Empire together is highly problematical. Experience teaches that deepening poverty tends towards disintegration, increasing prosperity towards stability and union.

It is known that the wages of productive labour gravitate naturally towards a point a little below the exchangeable value of the wealth the labourer produces. This natural tendency defies the effort of employers to keep the wages of productive labour from rising when the productive power of labour is increasing,—or the struggle of workmen even when assisted by governments, to keep wages from falling, when the productive power of labour is decreasing. Although each may defy this natural tendency under exceptional circumstances, during short periods, and within limited areas, they invariably pay heavy damages for their temerity. A decrease in the per capita productiveness of the Empire's population, would therefore deepen poverty by lowering wages, whilst an increase in their productiveness would have the opposite tendency.

The advocates of preferential duties assert that their imposition would give a great impetus to trade between the Mother land and the Colonies. Such an impetus could result only from an increase in the per capita productiveness, which in turn is governed by effective demand, that is to say people

with money or goods to exchange for what they demand.

Now if we examine in the light of experience the effect the imposition of such duties would have on the purchasing power or effective demand of the forty one million people within the United Kingdom, not to speak of those beyond the seas, we shall find little to support this assertion.

To produce any appreciable result the proposed duties would have to be sufficiently high to exalt prices throughout the Empire. To benefit the colonies food stuffs would have to be put on the list of dutiable goods. The effect such duties would have on the price of food may be judged by what followed the imposition of a slight duty on wheat, flour, and meal, imposed a short time ago by the British Government. Sir Michael Hicks Beach when introducing the measure, was very positive that it would not increase the price of bread, yet the words were scarcely out of his mouth, when the price of bread rose one half cent per pound. Although this half cent advance seems but a trifle, its effect on the purchasing power or effective demand of the people of the United Kingdom will be very great.

In order to understand the effect of this artificial exaltation in price on effective demand, we must keep in mind the obvious truth that the people of a modern community spend or invest from day to day all or nearly all the money they possess. Outside of India and our Eastern Empire few people keep their surplus earnings in their own possession. In one sense therefore the purchasing

power of the community is a fixed quantity ; if prices are exalted they are forced to curtail their demand ; if prices fall they can and do demand an increased quantity, as we know from every day experience.

This rise in the price of bread must therefore decrease the quantity demanded, or the quantity of other commodities and securities demanded to the extent of its increased cost. What the increased cost of bread will amount to for one year as a result of the present rise in price may for the sake of illustration be roughly estimated. Let us allow a $\frac{1}{2}$ lb. per capita as the daily consumption. There are 41,000,000 people in the United Kingdom, this number multiplied by 365 would equal 14,965,000,000, the aggregate consumption in $\frac{1}{2}$ lbs. for one year ; each $\frac{1}{2}$ lb. represents $\frac{1}{4}$ c. extra cost ; if we divide the aggregate consumption by 400 the result will give the extra cost for one year *i.e.* \$37,412,500. If the people purchase the usual quantity of bread at the increased price they will be forced to forego the purchase of other commodities and securities to the extent of about \$37,000,000. To produce and distribute commodities and securities that would sell for this amount, would keep a good many people employed for one year. We see from this that the rise in the price of bread although so small, will in the course of one year reduce the purchasing power or effective demand of the people of the United Kingdom enormously, and consequently check the demand for labour.

Now the imposition of preferential duties would exalt the price of a long list of commodities,

and the purchasing power or effective demand of the people would be reduced in proportion.

Inasmuch as profitable production is governed by effective demand, producers would be forced to curtail the volume of their output in proportion to the decreased demand. This action would necessitate a reduction in the number of their workmen, thus causing an abnormal increase in the number of the unemployed. As the number of the unemployed increased, wages would shrink and poverty deepen. Under such conditions the seeds of disintegration would again flourish as they did prior to the abolition of this very system of duties it is now proposed to re-instate. The decreased per capita productiveness would check inter-imperial trade and probably cause it to decline.

Experience points to the conclusion that inter-imperial trade would decline were preferential duties re-imposed.

Speakers and writers who are advocating the imposition of these duties appear to have forgotten the fact, that until the middle of last century Great Britain, like other European countries, maintained in force preferential duties in favor of her colonies.

Spain, Portugal, France and other countries still maintain such duties.

Unfortunately there are no records available which would enable us to judge as to the immediate effect the imposition of these duties had on inter-imperial trade. The earliest records I have been able to obtain cover the period from 1839 in regard to exports to the Colonies, and from 1854 in regard to imports from the Colonies, which were as follows.

Exports of the United Kingdom to the British Colonies from 1839 to 1900 and Imports from the Colonies between 1855 and 1900.

EXPORTS.		IMPORTS.
¹ 1839 . . .	£16,345,769	
1840 . . .	17,458,307	
1841	15,003,425	
1842	13,473,064	
1843	15,228,884	
1844	16,712,712	
1845	17,077,060	
1846	16,165,315	
1847	15,147,679	
1848	13,035,543	
1849	15,942,549	
1850	18,830,700	
1851	19,766,435	
1852	19,698,918	
1853	32,956,816	
1854	33,852,198	
Average		
² 1855-59..	37,000,000	£40,000,000
1860-64..	46,000,000	68,000,000
1865-69..	50,000,000	68,000,000
1870-74..	60,000,000	76,000,000
1875-79..	67,000,000	83,000,000
1880-84..	81,000,000	96,000,000
1885-89..	79,000,000	87,000,000
1890-94..	78,000,000	96,000,000
1895-99..	81,000,000	98,000,000
1900	94,400,000	109,000,000

¹ British Trade and Navigation Returns.

² Financial Reform Almanac 1902.

It will be seen from these figures that the exports from Great Britain to the Colonies, fluctuated

considerably during the last ten years preferential duties were in force, reaching the highest point in 1840, and the lowest in 1848. The figures indicate that a decrease in exports equal to 25% occurred between 1840 and 1848. During the same period the proportion of exports to the colonies fell from 14.8% to 8.6% of the whole. (*See page 13.*)

In January 1849, the preferential duties in favor of the Colonies were practically abolished. During that year British exports to the Colonies increased \$14,000,000 or 21%. With the exception of the year 1852 the next five years show substantial increases. The figures for 1854 indicating an increase of 159% over 1848. From 1855 to 1884 increases were steady and enormous. The average for the five years 1880 to 1884 being 521% over the last year the preference was in force. 1885 to 1894 the average was 3% less than that between 1880 and '84. Since then increases have been substantial, the total for 1900 being \$67,000,000 in excess of the average for the previous five years, or an increase of 624% over 1848.

As imports and exports are in the main the complement one of the other, there can be little doubt but that the imports of the Mother land from the Colonies during the last ten years the preferential duties were in force, were affected much in the same unfavorable proportion as were her exports.

The decreasing trade between the Mother land and her Colonies during the last ten years preferential duties were in force, and the remarkable increase immediately after these duties were abolished, is strong evidence that such duties tend to defeat the object for which they are imposed. The

probable reason why they act in this way I have already explained.

The imports between 1855 and 1900 show a substantial increase for each five year period, with the exception of that between 1885 and 1889. The imports for 1900 were about \$55,000,000 above the average for the previous five years.

The gentlemen who are advocating the re-imposition of preferential duties, frequently assert, that the proportion of trade Great Britain does with her Colonies, grows at a much slower ratio than her trade with the rest of the world. This was true in regard to her exports during the last ten years the preferential duties were in force as the following figures show.

Proportion of Great Britain's exports to the Colonies compared to the whole between 1839 and 1854.

* 1839—14.8 % of the whole.	1847 —10.36% of the whole.
1840—14.9 % “	1848— 8.6 % “
1841—12.83% “	1849— 8.3 % “
1842—12.71% “	1850— 9.5 % “
1843—11.55% “	1851— 9.21% “
1844—11.44% “	1852— 9.61% “
1845—11.31% “	1853—15.03% “
1846—10.87% “	1854—14.0 % “

These figures indicate a steady decrease in the proportion of exports down to 1849 the year the preference was abolished. The change for the better between 1849 and 1854 is significant. It will be seen from this and the figures on page (11) that a decrease in exports to the Colonies both

*These percentages are based on the estimated value of the aggregate exports as stated in the trade and navigation returns for Great Britain.

in regard to volume and the proportion to the whole occurred under the preferential duties.

The following figures give the proportion of the exports as compared to the whole between 1855 and 1899 in five years periods.

Average between	Average between
(1) 1855-59--31.5% of the whole.	1880-84--34.5% of the whole.
1860-64--33.4% " "	1885-89--35.0% " "
1865-69--27.6% " "	1890-94--33.5% " "
1870-74--25.6% " "	1895-99--34.0% " "
1874-79--33.1% " "	

The decrease between 1865 and '74 was contemporaneous with a vast increase in volume aggregating about \$350,000,000 for the ten years. With the slight exception already referred to, increases in proportion and volume have since been steady.

The proportion of imports fell off during this period, although the volume increased enormously. The average between 1855 and '59 was 23.5% of the whole. between 1895-99 21.6% of the whole. The cause of this falling off in the proportion of imports may with reason be assigned to the action of some of the Colonies in placing restrictions on their trade, which in the very nature of things must have reduced the productive power of their people, and thus checked the growth of their surplus for export. Especially is this true of Canada, some of the West India Islands, and most of the Australian Colonies. It is significant to note in this connection that wherever

(1) Financial Reform Almanac 1902. These per-centages are based on the declared value of the exports being the products of the United Kingdom only.

the Colonies remove these restrictions, their exports to the Mother land go up with a bound. Canada reduced her tariff in 1897, and during the following year her exports to the Mother land increased within a fraction of 34%.

The facts and figures adduced point to the following conclusions:

That it is very probable the imposition of preferential duties would check the growth of inter-imperial trade.

That trade between the United Kingdom and her Colonies did actually decrease, both in regard to volume and in proportion to the whole, during the last nine years such duties were in force.

That the abolition of these duties was followed by an immediate expansion of this trade, which has gone on expanding with wonderful rapidity down to the present.

That the slight falling off in the proportion of trade Great Britain does with her Colonies is probably owing to their action in placing restrictions on their own trade.

We may conclude from the foregoing, that the per capita productiveness of the people of the Empire has increased enormously since the abolition of the preferential duties: for the import and export trade of its various parts has increased at a much greater ratio than population, and all the information obtainable on the point indicates, that a vast improvement in the quantity and quality of the commodities consumed by the industrial millions has taken place.

From this we may infer, that productive labourers throughout the Empire have been better able to feed, clothe and house themselves and those dependent on them since 1849 than they were prior to that year. Increased stability and union must have grown apace during the interval, as recent events in South Africa prove.

We should therefore hesitate before urging the Mother land to return to a policy so far reaching in its consequences, and under which the Empire showed infallible signs of disintegration, namely, deepening poverty and successful rebellion. Other Empires of the day under preferential arrangements with their colonies show signs of decay similar to that which prevailed in our Empire when we lost one of the most promising portions of our great heritage.

The imposition of these duties would, in a word, put out of action the most effective influence at present at work in unifying the seeming diverse interests of the various divisions of the Empire, namely, the Free Trade policy of Great Britain.

Danger to the Food Supply of Great Britain During War as a Plea in favor of Preferential Duties.

The free-trade policy of the Mother land gives her people (as it would the people of any country) access to the farmers of all countries for trading purposes in spite of hostile tariffs. The result is that her urban class can increase prosperously in proportion to the increase and productiveness of the farmers of the world. Since she adopted this

policy in 1849 her urban class has increased with extraordinary rapidity, and is now out of all proportion to her rural class. In spite of this they have enjoyed a greater measure of prosperity than the urban class of any protectionist country. In proportion as her trade spread her food supply increased, making possible this phenomenal increase which in regard to the working population of England and Wales, stood about 10 urban to 1 rural in 1891. This excess of the urban population over the rural is many hundreds per cent. greater than it is in any other country. The census for 1901 will no doubt indicate a still greater disproportion in this regard

The preferential trader now proposes to tax this food supply, which maintains and is the cause of this continuous expansion of population. The object for doing this is to give an impetus to the production of similar products within the borders of the Empire. It is held by them that if this food supply was drawn entirely from within the Empire, there would be less danger of it being intercepted in time of war with a maritime power. They also predict with great confidence, that, if such a tax was imposed, the Colonies would in the course of years be able to supply all the food stuffs Great Britain now gets from foreign countries.

They fail to explain several important points.

They do not explain for instance, why in case of war, a ship, loaded with grain, sailing from Canada or Australia for Liverpool, and flying the British flag, would be safer from seizure, than a ship under a neutral flag, carrying a similar cargo,

and bound for the same port. Many reasons can be advanced why the neutral ship would be the safer of the two under such circumstances.

They do not explain what the urban population of Great Britain is to do for food, whilst the Colonies are getting ready to supply the shortage their scheme must at once create in Great Britain. Such a shortage would have to be created in order to make the scheme effective in giving an impetus to production in the colonies. Nor do they explain why under a liberal preference (about 50% on the average) the colonies supplied much less food stuff to the Home market, than they did immediately after this preference was abolished.

For the sake of argument we will grant that under this scheme the Colonies would in course of time, be in a position to supply all the imported food Great Britain might need; and examine for a moment the immediate effect the imposition of such duties would necessarily have, on the industrial life of the Empire.

The first effect of a tax on food stuffs, if high enough to produce the result aimed at by the preferential trader, would be to exalt prices; not only in Great Britain, but throughout the Empire. Owing to the great disparity between the rural and urban class of England this exaltation in the price of food would be felt more keenly there than in any other part. In proportion to the rise in the price of food, there would necessarily occur a cessation of effective demand, both for food and other commodities as well as securities. This cessation of effective demand from the great mass of people

who would be immediately affected, would re-act unfavorably on countless industries throughout all parts of the Empire, and great numbers, who, under present conditions are earning an honest living would be thrown out of employment. This unusual increase in the number of the unemployed, would force wages down, and further reduce the purchasing power or effective demand of the hundreds of millions fortunate enough to be still employed, thus causing unutterable distress throughout the length and breadth of the Empire.

War itself could do no more ill.

War on a large scale with a maritime power, would immediately increase the cost of food throughout the Empire, and as experience proves, tend to produce the evils described above. In the case of war, however, the evils flowing from the increased cost of food, would in a very large measure be nullified by the demands for the army and navy, in men and supplies.

In short this measure which is proposed with the object of assuring Great Britain's food supply during war, would not only have the effect of making it less secure during such a period, but would produce in times of peace, the very evil we fear most, as the inevitable result of war; without calling into existence the ameliorating conditions which war itself would furnish.

Effect of Protection on the Unity of the Empire.

Since the partial disintegration of the British Empire which culminated in a rebellion in Canada in 1837 great strides have been made towards its closer union. This growing unity between the Mother land and the various divisions of the Empire may be assigned to two main causes. First in importance in bringing about this happy result, is the wisdom the Home government has invariably exercised since 1837 in granting to the people of every part of the Empire, a constantly increasing degree of liberty in the management of their own affairs. Next in importance is the unifying influence of her trade policy adopted in 1849. This policy (free trade) enables her people to purchase the major portion of the ever increasing volume of Colonial exports, with greater advantage to the Colonies than they can obtain in other markets; thus giving a constant impetus to their expansion, and supplying a bond of union based on mutual financial interest.

As this unity has gathered strength, and events have proved its reality, schemes, by would be Empire builders, for the supposed purpose of bringing it about have multiplied.

The only influence of any importance at work within the Empire which retards the action of these unifying influences, is the use made in one respect, by some of the Colonies, of their liberty to manage their own affairs. In some cases they have used this liberty to build a tariff wall around themselves, in the name of so called protection, with the object

avowed or unavowed of restricting their trade with the Mother land. This action not only tends towards disunion, as we shall presently see; but it seriously retards their own expansion in population and wealth, by encouraging unprofitable production, at the expense of that which is profitable.

Our experience in Canada will serve to illustrate the anti British feeling the popularization of protection induces.

When the Canadian opponents of this arbitrary curtailment of the liberty of the subject called attention to the fact, that it would tend to weaken our British connection, its chief advocates replied "so much the worse for British connection." Political leaders who encourage such a sentiment in the public mind as a necessary prelude to the policy they advocate becoming popular, strike at the very foundation of Imperial unity.

In spite of the danger to British connection which a protective tariff was acknowledged to involve, such a tariff was enforced in Canada in 1879.

The usual evils which follow the imposition of protective duties in any country soon developed, namely, decreasing farm land values, decreasing wages, decreasing trade, a drop in the ratio of increase in population, increasing poverty and crime, accompanied by corruption in high places. As these evidences of retrogression became manifest, an attempt was made by the advocates of protection to attribute its failure to produce the results they had so confidently promised, to the fact that Great Britain for selfish reasons, and antiquated

notions of individual liberty, persisted in adhering to her effete discredited and utterly stupid policy of free trade. The protectionist press teemed with manufactured evidences of Great Britain's decadence: Germany, France, and other protectionist countries, were pointed to as the only countries worthy the imitation of a progressive community like Canada. One Minister of the Crown (who afterwards stated he was only quoting Hon. Mr. Chamberlain) declared that "Great Britain driven out of the civilized markets of the World, was now forced to use her army and navy, to compel the uncivilized peoples to buy her goods, her wares, and merchandise." Some idea of the anti British feeling, which by this time prevailed, may be gathered from the fact, that, this utterly false statement, was applauded throughout Canada, during the political campaign then in progress. Another Minister of the Crown stated in Parliament, that protection would have been a greater success in Canada were it not for the free trade policy of Great Britain. This statement is true, if the success referred to by the minister meant only the success of the monopolists and manufacturers, who by this time had become a political power in the land and claimed to dictate the tariff policy of the government.

It is significant to note that this modern tirade against Great Britain is confined to protectionist countries, whether within or outside the borders of the Empire. The reason for it is not far to seek.

Protective tariffs increase the cost of production in proportion to the rate of duty charged.

Free Trade reduces the cost of production to the lowest possible point. The result is that Great Britain can sell her products at a profit in all protectionist countries in spite of high tariffs. It is her ability to do this that rouses the ire of the monopolists and manufactures throughout the protectionist World, for it not only prevents them obtaining from the consumers of their own countries the monopoly price protection promised, but it forces them to sell their protected and bonused products at a loss in neutral markets.

It is no wonder therefore, that the beneficiaries under protection, wherever fostered, propagate dislike of the country that stands between them and the ultimate gain they anticipated from the imposition of high tariffs.

It has been said with good reason, that Great Britain is the most universally hated country in the World. This is no doubt the prevailing sentiment in protectionist countries, as we know it to be in slave holding countries. u

Public opinion as reflected in the utterances of representative men and the press of the various sections of the Empire, will reveal the significant fact, that it is only in those divisions, where the advocates of protection are striving to perpetuate it, that any desire to separate from the Empire is apparent. In Jamaica and other protectionist portions of the West Indies, political union with the United States is openly advocated. A few years ago the same was true of Canada. In 1891 the people were pretty evenly divided on a measure which had its result, would in all human probability,

have severed Canada from the Empire forever. This measure became popular with a strong minority of the people, who fancied they saw in it an escape from the evils protection had brought on them. A few years prior to this, the government in deference to the anti-British policy then prevailing, refused to send a military contingent to help the Mother land in her North African difficulty.

Since the accession to power in 1896 of a government pledged to abolish protection, a marked growth of that sentiment which favors closer union of the Empire has evidently taken place in Canada. As proof of this I need but mention the fact, that only three members of the present Parliament could be mustered to vote against a proposal to send the Mother land all the help she would accept, during her late trouble in South Africa.

Enough has been said to illustrate the disintegrating effect of Protection; the perpetuation of which in any country can only be accounted for on the assumption, that its beneficiaries, although such an infinitesimal portion of the population, gain so enormously by the system, that they are able to control the public actions, and dictate the utterances of a majority of the accredited representatives of the populace. cc

Free Trade and Unity.

Empires have risen, reached their zenith, waned, and passed away.

The verdict of history points to corruption as the cause of the downfall of these extinct civilizations. Slavery under which they reached the zenith of their power was the probable cause of corruption. Such an institution is unjust. Experience teaches that injustice in any form can only be perpetuated by corruption. It is said that "corruption is as fatal to the strongest body politic as cancer to the individual."

It is thought by some whose standing compels respect, that the British Empire has reached its zenith, and they predict its wane and downfall. They forget that unlike the civilizations of the past, or those that are waning, the civilization of the British Empire is founded on individual liberty. Further progress is therefore possible as a result of an extension of liberty; whilst its unity and continuity may depend on the ability of its various governments to safeguard this liberty.

Now the re-imposition of an inter-imperial preferential tariff, involves the adoption of protection by the Mother land and each of the Colonies. The result of its adoption would be to compel all the people who inhabit the Empire, and who number one forth the human race, to restrict their consumption of the commodities they now deem necessary for their sustenance comfort or pleasure, whilst it would at the same time force them to pay for the smaller quantity, what in the absence of this tariff

they now pay for the larger quantity. This would be unjust. The experience of all countries prove, that such an injustice can only be perpetuated by corruption. Under this system therefore the inevitable tendency of the Empire would be towards disintegration.

Protection not only involves injustice to the people who submit to it, and corruption on the part of the government that upholds it but is popularized in each country on the shortsighted and immoral plea, that it will injure the material welfare of the people of all other countries. Such a plea is shortsighted, because the material interests of all countries are inter-dependent. Immoral because such a plea is directly contrary to the teaching of the Golden Rule. The main obstacle to the adoption of Free Trade in Christian countries, is the fear instilled into the minds of the people by their rulers, that such action would benefit their neighbours.

Free Trade on the other hand is not only just to the people adopting it, but is just to all mankind, for in opening our ports to all countries, we are simply doing to other nations as we would have other nations do to us. It is a policy of enlightened self interest, for whilst it benefits the nation adopting it, it benefits all other nations.

The material benefit Great Britain conferred on the world by adopting Free Trade, may be gauged by the vast extension of agriculture throughout all countries which her adoption of such a policy made possible, and which immediately followed her

action in this regard;* and the protection her low priced goods give the people of the world, against the aggression of their own monopolists. The good her trade policy does in this latter respect, may be gauged by the hatred engendered.

The material benefit that has accrued to Great Britain baffles computation. The growth of the world's debt to her people will suffice to illustrate this. In 1840 about 10 per cent. of the world's stock of gold and silver, coin and bullion, would have paid the sum the governments and people of other countries at that time owed to the people of Great Britain. To-day in spite of the fact, that many thousands of millions have been added to this stock it would only suffice to pay about 87 per cent. of the amount the people of other countries now owe to the people of the United Kingdom. The interest actually received on this debt a few years ago, amounted to \$500,000,000 per annum. This sum capitalized at 3 per cent. would equal \$16,166,000,000, or \$33 $\frac{1}{3}$ lent for each \$ received in interest. The highest estimate of the world's stock of gold and silver coin and bullion in 1900 places it at \$14,000,000,000.

It will be seen from this that her people now

*Average annual increase in the area under crops throughout the world was as follows :—

	Acres.
Between 1820 and 40	4,500,000 per annu. ...
41 " 60	4,550,000 "
61 " 80	8,300,000 "
81 " 88	7,200,000 "

—*Mullhall's Dictionary of Statistics.*

control the finances of the world, a fact which will make it difficult for any nation or combination of nations to make successful war on her.

It would appear that whilst other countries have been passing cute little laws with the object of draining Great Britain of money, she has accomplished the task of draining them by simply abolishing all such laws.

Her financial position in this regard, as against the rest of the world, will continue to grow rapidly stronger, as long as she remains free trade, and the governments of protectionist countries continue to tax their own people, to enable their manufacturers and other producers, to sell their products to the people of the United Kingdom, below what they cost in the country where they are produced. For not only do these cheap bonused goods, give a great impetus to industry in the United Kingdom, (as they would to any country) by cheapening production there, but this munificent generosity of protectionist governments, is so extraordinarily costly to their own people, that it constantly creates a shortage of capital amongst them, and a corresponding glut in the English money market.

This shortage of capital which is chronic in all protectionist or bonus paying countries, keep the financiers of London busy furnishing loans to make it good. The people of the United Kingdom therefore not only get the benefit of the goods below what it costs to produce them, but they still own and draw interest on the money that was wasted in the protectionist countries on the production of these goods. These loans are in the

main well secured, and have grown in magnitude in proportion to the extension of the bonusing system. Hon. Mr. Chamberlains success in forcing continental countries to agree to abolish bounties on exported sugar, is proof that he was honest when he declared himself ignorant of economics. These bounties are equal to a clear gift of about \$60,000,000 per annum to the people of the United Kingdom, freeing that amount to be spent on other things than sugar.

It is estimated that the retail price of sugar is two cents lower than it would be if these bonuses were not paid. As the per capita consumption is about 75 lbs., the saving would be \$1.50 per annum each, or roughly speaking \$60,000,000, there being 41,000,000 people. Inquiry proved that for every person in the United Kingdom who lost employment on account of cheap sugar, three were employed because of cheap sugar. A true patriot and statesman if stooping to interfere in such a matter, would have used his influence to have these bounties continued. Although interference on the latter line would be more conducive to Imperial interests, for it would encourage rival countries through their own enactments to strengthen us financially, whilst weakening themselves; such action would not be sufficiently dramatic to suit a politician playing for the applause of the unthinking, who are erroneously assumed by the dramatic politicians to be always in the majority.

These bounties, like protection, are popularized on the assumption that they will ruin the trade of

Great Britain, but as a cold matter of fact they are having quite the contrary effect.

Were the protectionist Colonies to fall into line with the Mother land in regard to their trade policy, and thus place themselves in a position to share with Her the material benefit that the economic blunders of other nations are forcing upon Her; progress in population and wealth would be so rapid, and the union of the Empire become so real, that we should soon be able to guarantee the peace of the World single handed.

Until the Colonies do this, and other nations cease to tax their people for the purpose of paying part of the Englishman's sugar, butter, milk, bread, fruit, steel, and a thousand other bills, Statesmen need not worry over the supposed inability of the people of the Mother country standing the financial strain of defending the Empire; for whether foreign countries and the Colonies pay part of the Englishman's board and other bills, as they now do, or his army and navy bill, makes no difference to the Englishman's pocket. The wealth forced into the lap of the people of the United Kingdom every year, by this unique method adopted by foreign countries to ruin her, in all probability more than equals the vast expense of defending the Empire; the normal cost of which is about equal to 50% of the income of her people from foreign and colonial loans.

Danger to the union and continuity of the British Empire, need not even now be feared from the attacks of other nations, but lies in the fact,

that under our free institutions, men ignorant of economics, may obtain control of the Home and Colonial governments, who, unable to foresee the consequences of their acts, might use their power at the dictation of interested millionaires and manufacturers, to place its industrial millions under direct tribute to capital. This has already been done in some of the most important divisions of the Empire under the guise of so called protection. Inter-Imperial preferential duties would place the people of the whole Empire under such tribute.

The adoption of such a measure would mark the beginning of the end of British Imperial Unity.

To conclude :

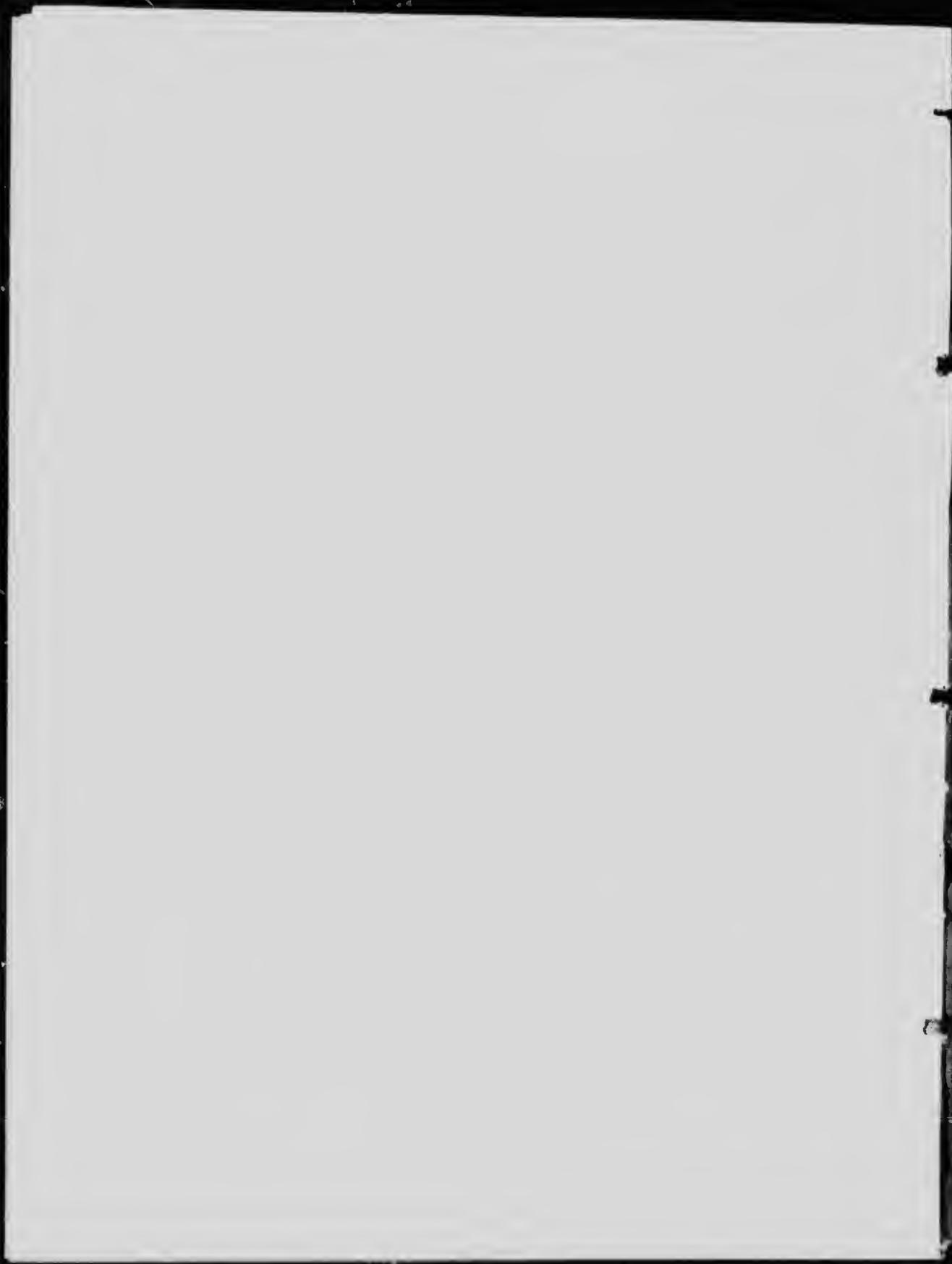
It is probable that Empire to be permanent must be just, not only to its own people but to all mankind.

Protection in the guise now proposed by the preferential trader would involve an injustice to the vast majority of the people of the Empire.

It would be an arbitrary curtailment of their liberty : and

It is popularized on the small minded notion that it will injure the material interest of our neighbours.

Free trade is just to the people adopting it, and is just to all mankind; it is therefore a policy most likely to strengthen the Union and assure the perpetuation of the British Empire; which has attained its present unity, strength, wealth, and grandeur, whilst safeguarding to a greater degree than its contemporaries, the rights and liberties of all, irrespective of race, creed, or color, who dwell under the protection of its flag.





The
British Colonial
Free Trade League

Headquarters—Ottawa, Canada,

OBJECT :

The perpetuation of the Union of the British Empire.

SECRETARY :

H. Washington,

OTTAWA.

