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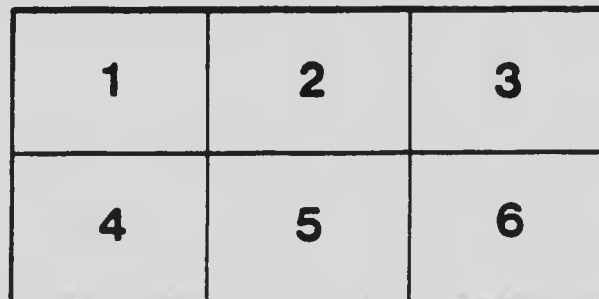
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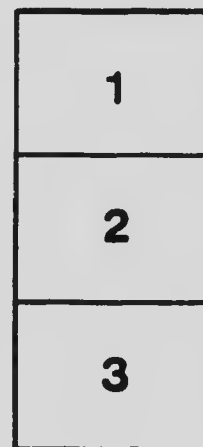
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A DECADE OF TARIFF FOOLING

A RETROSPECT
BY THE COBDEN CLUB



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PREFACE

Two decennial anniversaries must appeal to Tariff Reformers as specially deserving of commemoration—the one of May 15th, 1903, when Mr. Chamberlain, at a meeting at Birmingham, propounded his scheme of Imperial Preference, to be effected by the imposition of taxes on all food imported into the United Kingdom, as the only means by which the British Empire could be maintained in its integrity, and when he called upon the working classes to submit to the burden of increased cost of living in the interest of the Empire; the other of October 6th, in the same year, when, at a meeting at Glasgow, he inaugurated a campaign on behalf of a far wider and more definite and complete scheme of duties on all imports, including manufactures as well as food, which was intended to overthrow the whole policy of Free Trade, and when it was announced, as a new discovery, that import duties, especially those on food, would not raise prices to consumers, but would be paid by the foreigner.

The first of these anniversaries was allowed to pass unnoticed and uncommemorated by Tariff Reformers—perhaps from a remorseful recollection that Food Taxes and effective Preference had been indefinitely postponed by the Unionist Party. It is not, however, to be expected that the second and more important of these anniversaries will be allowed to pass with the same oblivion on the part of the leaders of the movement,

PREFACE

for one-half of their scheme—that of the reversal of Free Trade by the imposition of duties on manufactured goods—still survives, and has been announced as the principal plank of the Unionist Party.

In expectation and anticipation, then, of this celebration by Tariff Reformers, the Cobden Club has prepared an antidote in the form of a brief history of the movement as it appears from the point of view of Free Traders, recalling the glaring misstatements on which it was founded, and comparing the results of ten years of wonderfully progressive trade with the dismal prophecies of decadence and ruin which formed the main stock-in-trade of Tariff-mongers.

The Club, from the inception of the movement, denounced Tariff Reform as a fraud. In "Fact v. Fiction," issued soon after Mr. Chamberlain's campaign of 1903, it exposed in scathing terms his misstatements and fallacies, and ridiculed his predictions. Later, in "Tariff Makers," it dealt in the same spirit with the sham inquiries held by the self-constituted Tariff Commission on some of the principal industries of this country, and exposed their futility and absurdity.

The Club can now compare the confidence which it then expressed in the future progress of trade, founded on the principle of Free Trade, with the woeful predictions of the Tariff-mongers, which ten years of experience have so completely falsified. This, it is hoped, will be sufficient justification for repeating many passages from these earlier issues in the following pages.

The Club desires to express its great obligation to Lord Eversley, who has borne the main burden of preparing this work, as he did that of "Fact v. Fiction" in 1904, and of "Tariff Makers" in 1910.

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A DECADE OF TARIFF FOOLING

I

THE BIRTH OF A HERESY

ON October 6th, 1903, ten years back from the present
... .. great meeting at Glasgow.

ERRATA

Page 32, line 20, *for* "ropes" *read* "hopes."

Page 31, in Table of Exports and Imports, first line, *for*
"Woollen Tissues" *read* "Woollen Yarns."

ported manufactured goods, but on food of all kinds, with exemption in favour of Colonial products. Raw produce was to be exempt. So also was bacon as the food of the labouring classes, and maize as the food of cattle. With these exceptions everything imported was to be taxed; food at the rate of about 5 per cent., manufactures at an average of 10 per cent. The day and the speech of the great tribune will always be remembered as the birth of this scheme, which, for years later, was the subject of a "tearing, raging propaganda."

Five months earlier, Mr. Chamberlain, at a meeting at Birmingham on May 15th, 1903, while still a leading member of Mr. Balfour's Cabinet, had propounded a part of this scheme, that of duties on food with exemption



A DECADE OF TARIFF FOOLING

I

THE BIRTH OF A HERESY

ON October 6th, 1903, ten years back from the present time, Mr. Chamberlain, at a great meeting at Glasgow, the first of a series in the principal centres of trade and industry, launched his scheme of fiscal revolution, to which the specious, but misleading, title of Tariff Reform was given. It was an attack on Free Trade, the great achievement of Peel and Cobden, along the whole line. Free Trade was denounced as "a futile superstition" and an "inept prejudice." The country was asked to revert to a policy of protective duties, not only on imported manufactured goods, but on food of all kinds, with exemption in favour of Colonial products. Raw produce was to be exempt. So also was bacon as the food of the labouring classes, and maize as the food of cattle. With these exceptions everything imported was to be taxed; food at the rate of about 5 per cent., manufactures at an average of 10 per cent. The day and the speech of the great tribune will always be remembered as the birth of this scheme, which, for years later, was the subject of a "tearing, raging propaganda."

Five months earlier, Mr. Chamberlain, at a meeting at Birmingham on May 15th, 1903, while still a leading member of Mr. Balfour's Cabinet, had propounded a part of this scheme, that of duties on food with exemption

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for Colonial produce. It was then proposed with the express and sole object of binding the Empire together by a scheme of fiscal preferences. It was asserted that this could only be effected by raising import duties on food. It was admitted that it would entail a sacrifice on the part of the labouring classes of this country. "What will it cost you?" Mr. Chamberlain said. . . . "What do the Colonies ask? They ask a preference on their particular products. You cannot give them—at least, it would be futile to offer them—a preference on manufactures, because at the present time the exported manufactures of the Colonies are entirely insignificant. You cannot, in my opinion, give them a preference on raw material . . . Therefore, if you wish to have preference, *if you wish to prevent separation*, you must put a tax on food. The murder is out!"

At this time there was no suggestion of duties on foreign manufactured goods imported into this country for the purpose of affording protection to native industries. Whatever may have been in the inner mind of Mr. Chamberlain, he confined himself at this Birmingham meeting to the policy of "Imperial Preference," to be carried out by levying import duties on food. It was admitted that they would raise the price of food; but the labouring classes were asked to bear this burden for the purpose of maintaining the integrity of the Empire, in the only way which was then thought feasible. Mr. Chamberlain, shortly after the Birmingham meeting, showed his disinterestedness and his public spirit by resigning his post in the Cabinet, in order to free his hands for the purpose of promulgating his policy. Little could he have dreamt that the time would come when, after ten years of futile agitation, his supporters would find themselves compelled to abandon the mainspring of his policy, or, at least, indefinitely to postpone it, while concentrating upon a

THE BIRTH OF A HERESY

policy of pure protection, to be effected through import duties on manufactured goods, from which the products of farmers would derive no advantage, a policy which he, in the first instance, absolutely disclaimed. The story of the intervening ten years is that of the gradual elimination of the original policy of effective Colonial preference and the fiscal union of the Empire, and the substitution for it of an insular policy of pure protection by means of import duties on foreign manufactures.

It is scarcely necessary to recall the fact that Mr. Balfour, in 1903, when Prime Minister, while agreeing in principle with the policy proposed by his colleague, doubted much the expediency of committing his Government and the Tory party to what he feared would be resented and repudiated by the labouring classes—the taxation of food. But he connived at, if he did not at first actively support, the policy of his retiring colleague. He seems to have had a strong inclination for a return to Protection. He had for many years advocated a bi-metallic standard of gold and silver, in lieu of the single gold standard—a scheme for the artificial raising and maintenance of prices. After the total collapse and disappearance of this most foolish of all conundrums, it was not unnatural that he should turn his hand to another scheme of raising prices by means of protective duties. He got rid of four of his colleagues in the Cabinet who were convinced Free Traders, and so acted as to drive a fifth, the Duke of Devonshire, from his Government. He appointed Mr. Austen Chamberlain as Chancellor of the Exchequer, to represent his father and to act as a kind of watch-dog on the Government, in the interest of the Birmingham policy. He bade God speed to the new agitation.

In spite, however, of this support from the head of the Government, Mr. Chamberlain soon discovered that

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the policy of Colonial Preference roused no enthusiasm in the country, and that the prospect of food taxes, with their admitted effect in raising the price of food, was in a high degree unpopular, save to farmers and landowners. It was necessary, therefore, to widen and popularise his programme so as to include among its supporters the large class of manufacturers and others who disliked free competition with foreign products, and who hoped, by excluding them, to raise the prices of their own products—a class which had always existed, but which, since the abandonment of Protection by the Tory Party in 1852, had been held in restraint by its leaders.

In an evil moment for his fame as a statesman and historian, Mr. Chamberlain flung aside all his previous convictions as a Free Trader, propounded with such force and acumen between 1880 and 1884, when at the head of the Board of Trade. At a series of great meetings at centres of manufacturing industry, commencing with Glasgow, on Oct. 6, 1903, he started on a campaign for a complete reversal of free trade, and for the adoption of a scheme of protective duties on all imports, save raw materials. He expounded this scheme with statements, arguments and prophecies astounding for their inaccuracy and audacity. Looking back at them now with the experience of the course of trade in this country, in the subsequent ten years, so opposite to everything which he predicted, and with the knowledge we now have of the efforts of other countries to rid themselves of the incubus of protection, one can only marvel that these speeches produced any effect whatever, even on the credulous people who listened to them. He declared Free Trade to be a failure. He attacked the motives as well as the policy of its founders. He accused them of being personally interested in the adoption of a policy with the object of securing cheap labour for their factories. He attributed

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to them *positive* engagements and promises to the effect that other countries would follow our example. He claimed that as this had not been effected there was only a one-sided free trade. While admitting that for some years good results had accrued from opening our ports to imports free of duties, he contended that for the last thirty years other countries by their protective policy had strangled our trade. By audacious manipulation of figures, by comparing the figures of the best year of booming trade thirty years ago with a recent lean year, and by ignoring the great fall of prices of 30 to 40 per cent. which had occurred in the interval, he made it appear that our exports had been almost stationary.

He predicted ruin to our principal industries if Free Trade were maintained. In a well-known and oft-quoted passage, he said: "Agriculture, the greatest of all our industries, has been practically destroyed, the sugar industry has gone, silk has gone, iron is threatened, wool is threatened, cotton will go. At the present time these industries and the working men who depend on them are like sheep in a fold. One by one they allow themselves to be led out to slaughter, and there is no combination, no apparent prevision of what is in store for them." Even the shipping trade, he declared, was falling behind-hand; and foreign countries which had adopted Protection were making greater progress than this country. As he proceeded in his campaign from town to town, he illustrated his theme by referring to the minor industries in which some of his audiences were interested—such as alkali, tin plates, wire, glass, pottery, cycles, watches, jewellery, and even pearl buttons. They were represented as being in a decadent state, strangled by foreign competition. Another most important part of his task was to persuade the labouring classes that his proposed import duties on food would not raise prices, and would not increase the

A DECADE OF TARIFF FOOLING

cost of living. "I do not believe," he said, "that these small taxes will be paid to any large extent by the consumer in this country. I believe, on the contrary, they will be paid by the foreigner." Elsewhere he described import duties as "the toll which foreign importers pay for the privilege of trading with us."

The use of this argument gave an air of insincerity and duplicity to the whole campaign, for it seemed to be incredible that Mr. Chamberlain could really believe in such absurd propositions. He was continually on the horns of a dilemma. While in one part of a speech his efforts were to prove to manufacturers and farmers that their products would be raised in price by the duties which he proposed, in other parts of the same speech he endeavoured to allay the fears of consumers by the assertion that the price of food would not be raised by the proposed import duties. These contentions were, in fact, destructive of one another. Their inconsistency was exposed by the details of his scheme. If it was true that import duties would not raise prices, but would be paid by the foreigner, what possible object could there be in giving preference to Colonial produce, or why exempt raw material from import duties, or why propose that bacon, as the food of the labouring classes, and maize, as the food for cattle, should be imported free of duty?

It is necessary to bear in mind this vein of duplicity in the Tariff movement, for it has been a marked feature in every report and pamphlet of the Tariff League, and equally in every one of the innumerable speeches by agents of the League. They have invariably consisted of appeals to employers and workmen in individual industries for support to protective duties, on express or implied promises that prices would be raised, and that profits and employment would be increased at the expense of foreign competitors. At the same time, assur-

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ances were given to the mass of consumers that they would not suffer by the increased price of food, clothing, and other necessities of life.

On the conclusion of this fiscal campaign of Mr. Chamberlain, in the autumn of 1903, the Cobden Club issued a reply to him. It was prepared by a committee of its leading members. It charged Mr. Chamberlain with having in every one of his speeches, and in almost every part of them, misquoted the words and misrepresented the opinions of the greatest past authorities on economic questions, and of the leaders of the Free Trade movement. It showed that the historical references in them were unfounded and untrue, and that they were a travesty of history; that the quotations from Adam Smith, Cobden and Gladstone were unfair and unreliable, in the sense that they were cited without regard to their contexts, so as to carry meanings quite different to what were intended by these men. It charged him with having distorted figures and statistics to suit his argument, and with having grouped them in so deceptive and unscientific a manner as to be worthless as a support for any argument. It showed that his illustrations of alleged decadent industries were, with the rarest exceptions, unfounded or grossly exaggerated; and that his scheme, or, rather, bundle of schemes, was unworkable as a whole, inconsistent and antagonistic one part with another, and that it would necessarily degenerate into one for pure Protection all round.

It may be confidently asserted that in the records of political and economic controversy more comprehensive and specific charges of garbling quotations, perverting historical facts, and cooking statistics were never made against a public man by a responsible body of persons, interested from a public point of view only in the question dealt with.

No reply was ever attempted by Mr. Chamberlain, or

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by any supporter of his policy on his behalf, to any one of these charges and statements, and no step was ever taken to vindicate the reputation of the leader of the Tariff movement for accuracy and fairness.

In one branch of the subject only was the reply of the Cobden Club unavoidably incomplete—that relating to the prophetic warnings and dismal jeremiads of Mr. Chamberlain as to the impending decadence and ruin of the British export trade, if the system of Free Trade was maintained. It has been well said that it is impossible to disprove a prophet, and that the only way of dealing with him is to ask the public to discredit him as a charlatan. The Cobden Club adopted this course, and, in doing so, have been fully justified by the subsequent course of events. The ten years, which have elapsed since the publication of the new gospel of Protection, have afforded abundant and convincing proof that Mr. Chamberlain was as unfortunate in his predictions of the future, as in his interpretation and manipulation of past facts and figures. The speeches of his campaign of 1903 could not be delivered at the present time, without rousing universal derision, so completely have they been falsified by events which have happened under our eyes in the interval. The Cobden Club has been fully justified in its severest comments on this economic charlatan.

If we were to take the speeches delivered in the campaign of 1903, and strike out of them all the passages which, in the interval, have been proved to be untrue and absurd, and all the predictions the very contrary to which has happened, it would be found how little remains, and how completely the whole foundation of the case for a return to Protection has crumbled away.

If it be suggested that these strictures on Mr. Chamberlain's programme and speeches of 1903 are too severe, in view of the fact, which everyone must regret, that

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he has been incapacitated, since 1906, by illness from taking any active part in public affairs, it must be replied that he still remains the figure head of the movement, still remains a nominal Member of Parliament, and still, from his sick chamber, cheers on his followers to support the remnant which survives of his original scheme. The Tariff movement still owes whatever survives of its vitality to his inspiration and prestige. The speeches of 1903 still remain the main text-book from which the Tariff League draws its arguments. No one since 1903 has presented the case, either for the original scheme, or for what remains of it, in an authorised and intelligible form. It is necessary, therefore, to deal with Mr. Chamberlain as though he were still a living force and leader of the Tariff movement.

II

THE TARIFF REFORM LEAGUE

IMMEDIATELY after the autumn campaign of 1903 an Association was formed by Mr. Chamberlain, for which the name of Tariff Reform League was devised, a title which disguised its main object and purport, namely, the complete subversion of the whole policy of Free Trade, and the giving effect to the scheme of protective duties on imported food and manufactures, which had been devised and expounded with so much rhetorical effect by its founder and president. The leading members of the association were Mr. Chaplin, Lord Ridley, Sir Vincent Caillard, Mr. Leverton Harris, and other well-known Protectionists. Very large sums of money were raised for the purpose, and great expenditure was incurred on literature expounding the new gospel, on paid agents for

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speaking on its behalf in every part of the country—often in the streets and public-houses—and on holding the sham inquiries hereafter referred to. No information, however, has ever been afforded to the public as to the names of the donors, the amounts of their subscriptions, or the details of the expenditure. The association, by means of its command of money, appears to have soon captured the political organisation of the Tory party, and to have succeeded in making the Tariff scheme a plank in its political programme.

A little later another and subsidiary organisation was founded, called the Tariff Commission—a parody of a Royal Commission—closely connected with the parent body and with the same secretariat. Mr. Chamberlain gave directions to his nominees, just as the King gives directions to a Royal Commission, to hold inquiries into the condition of the different industries in the country, and to advise as to what was thought necessary for their protection against foreign competition. Eventually the reports on individual industries were to be co-ordinated, and a scientific tariff was to be framed by the whole Commission, so as to be ready at hand, whenever a Government should be in power favourable to this policy. Mr. Hewins, who had been Professor of Economics at King's College, London, was appointed secretary of this commission of inquiry. He was one of the rare professors of political economy who gave support to Mr. Chamberlain's new views as to Protection, and is believed to have inspired that leader with his oft-repeated argument that import duties would not raise prices, but would be paid by the foreigner. He became the leading spirit of both associations. When Mr. Chamberlain was incapacitated by illness, his mantle appears to have fallen upon Mr. Hewins.

The Commission commenced its work on a grandiose

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and elaborate scale. In the course of the next two years no fewer than fourteen industries were inquired into. Each trade and industry was dealt with separately, without reference to other trades, by large committees consisting, almost without exception, of persons who were committed to Mr. Chamberlain's scheme of Tariff Reform. Witnesses from each trade gave their evidence either orally or in writing. They described its condition, and dilated on the evils of foreign importations, and the benefit which would result from limiting this competition by imposing duties on the imported articles, with the express object of enhancing the prices of the home products. No cross-examination of these witnesses appears to have taken place. No questions were put to them based on the assumption that similar duties would be imposed on imported food, and on all other articles, save only raw materials, and that prices all round would be raised. No inquiry was made of them as to the effect on their labourers of raising the price of their food, and whether this would involve a corresponding rise of wages. It was everywhere the assumption (rightly enough) that the prices in the particular trades inquired into would be raised by the imposition of duties on the imported article. No representatives of labouring men employed in the trade appear to have been examined. No general evidence was taken as to the whole scheme of import duties. It would be difficult to conceive a method of inquiry more one-sided and farcical. Summaries of the evidence thus taken were published, in a great number of cases without the names of the witnesses.

The first of these inquiries, that on the iron and steel industries, was completed in 1904. A bulky volume was issued to the public containing summaries of the evidence of a large number of persons connected with these industries. The names of these witnesses, save in a few cases, were withheld. This has been most fortunate for their

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reputations, for they cannot now be confronted with the results of the succeeding years, so absolutely contrary to their dismal predictions. With the rarest exceptions, they complained of the effect of foreign competition, and prophesied nothing but decadence and ruin. They were almost unanimous in demanding protective duties to raise prices, and to keep out foreign imports in competition with them. They complained that wages of labourers in Germany and Belgium were everywhere lower, and that the hours of labour were longer than in England. They founded their claim for protective duties mainly on these grounds. The inquiry was limited to the earlier stages of dealing with iron and steel, such as the conversion of iron ore into pig iron, the making of steel bars, ingots, billets, plates, bolts, etc. It did not include industries dealing with iron and steel in the higher stages of manufacture, such as engineering, machinery, cutlery and ships, to which cheap iron and steel or cheap bars and plates are of vast importance, and all of which would be seriously affected by a rise in the price of these materials. The evidence of the witnesses, who were evidently selected with a view to the affirmation of the policy and scheme of the Tariff League, was taken as conclusive, without any effort to test it. The other side of the question was not heard.

The report of this committee on iron and steel industries was published in the same volume. It recommended a general tariff, varying from 5 per cent. on products of iron and steel, in their earlier stages, to 10 per cent. in the later stages. A lower tariff was recommended in the case of imports from the Colonies—not a total exemption. A yet higher tariff was suggested on all imports from foreign countries, where the duties were high, with the object of enabling negotiation for reduction to the general level of the tariff, but no indication was

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given as to what rate this higher tariff should be. It is obvious that this higher tariff would necessarily become the general tariff. The scheme, therefore, contained in it the certain prospect of a high protective system. Expectations were held out in the report that inquiries would later be held on the more advanced branches of iron and steel industries. These have not been fulfilled, except in the case of engineering, where a summary of evidence has been issued, but no report has been published.

We have now the figures of the trade in pig iron and iron and steel manufactures for the years which followed the inquiry by the Tariff Commission up to the year 1912. They completely negative and falsify all the statements and prophecies of the Commission and the witnesses examined by it.

The following figures are eloquent as to the progress of our export trade, and show how little fear there is as to competition from other countries :

EXPORTS.

	Average of Four Years, 1901-1904.	Average of Four Years, 1909-1912.	Percentage of Increase.
Pig Iron ... tons	955,000	1,207,000	24 %
value	£2,943,000	£4,092,000	43 %
Other Manufactures			
of Iron ... tons	2,322,000	3,319,000	43 %
value	£25,105,000	£38,757,000	55 %

IMPORTS

(after deducting Re-exports).

	Average of Four Years, 1901-1904.	Average of Four Years, 1909-1912.	Percentage of Increase.
Pig Iron ... tons	173,000	167,000	—
value	£683,000	£727,000	8 %
Other Manufactures—			
tons	998,000	1,356,000	35 %
value	£7,000,000	£9,000,000	30 %

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The figures show conclusively that exports have been increasing at a much greater rate than imports. With respect to "dumping," of which so much complaint was made in the report of the Tariff Commission, we can find nothing in the evidence published by the Commission, or in the official trade statistics, up to that time or since, to justify the wild statements of injury to the iron and steel industries. That from time to time consignments of iron and steel have been made from Germany, at less price than in their home market, may be true; but there is nothing to show that this has become a practice, or that large quantities of materials have been forced upon the British markets in this way. No statistics were quoted in the report of the Commission to this effect.

Nor in the trade returns of the past four years is there anything to show that dumping prevails, or that large quantities of German pig iron or manufactured iron or steel have been dumped on British markets. The figures already quoted for the past four years negative the prophecies of the Tariff Commission that dumping would become a permanent policy, and that it would cause a loss of employment in this country.

III

REPORT ON THE COTTON INDUSTRY

THE second report of the Tariff Commission, that on the cotton industry, was issued early in 1905. The evidence which is summarised in it was taken in 1904, and the statistics, on which it was based, related to the trade returns for 1903 and previous years. Unfortunately for the value

REPORT ON THE COTTON INDUSTRY

of the report, and the credit of those responsible for it, and of the witnesses who gave evidence, the year 1903 was the last of a period of depression, and the year 1904 was the first of a cycle of ten years of most remarkable expansion of the cotton industry, during which it increased by leaps and bounds, and when those engaged in it enjoyed a prosperity and realised profits, such as had not been experienced for many years previously. This falsified all the predictions of the Tariff report, and showed that the men who conducted the inquiry were quite incompetent to form an opinion as to the future of the industry.

The committee, which had the presumption to prophesy as to the future of the cotton trade, was composed wholly of men committed to Mr. Chamberlain's scheme. They evidently entered upon the inquiry with preconceived views, and were interested only in collecting evidence in support of them. They followed the example and methods of Mr. Chamberlain's speeches in 1903.

By an ingenious arrangement of statistics, by the selection of years for comparison, by excluding all other considerations, such as the change which had been effected in the industry by spinning and manufacturing finer qualities of goods requiring more labour, and the effect on the comparative values of exports of the fall of prices, they persuaded themselves, and tried to persuade others, that the great industry of cotton had made no progress for some years past, and that its prospects for the future were even worse.

The committee, the report said, "regard the future with anxiety. Although there is at present" (alluding, probably to the year 1904) "a revival of trade, due, in their opinion, to transient causes, the trade as a whole has increased so slightly during the last fifteen years as to be practically stationary." (Par. 66.)

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"Witnesses are agreed that no considerable expansion of trade with foreign manufacturing countries which have a tariff can, in existing conditions, be looked for, and that the decline which has already commenced must become more marked." (Par. 69.)

"Trade," they said, "with the Continent of Europe is declining or stationary "

"With respect to neutral markets generally, witnesses are on the whole agreed that, although the trade of Great Britain is slowly increasing, no considerable expansion can at present be looked for, and that in existing conditions the trade will become stationary." (Par. 71.)

The recommendations of the committee were moderate as compared with those of other committees of the Tariff Commission. No duties were proposed "for the present" on imported yarns and grey cotton cloths. They were to be imposed on other cotton manufactures. There were to be two tariffs—a general one and a maximum, the latter was to be imposed in the case of imports from countries putting a high duty on British products, and was to be such as would enable the Government to negotiate with the Governments of such countries. No specific scale of these higher duties was suggested, but it is evident that the maximum tariff would necessarily be a high one, if it were to have any effect for the purpose of negotiation, and it would almost certainly become the general tariff.

The whole of these proposals, equally with all the evidence and the jeremiads as to the future, have been blown to the winds by the enormous and unprecedented activity and prosperity of the cotton industry since the report was issued. The facts and figures alone are sufficient to dissipate all the malign predictions. The improvement in the year 1904, which the committee admitted, but which they expected to be transient, proved to be the commence-

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ment of the most remarkable and permanent expansion of the industry which has ever been experienced.

The exports of cotton yarns, which average for the two years 1902-3 £7,405,000, rose to £16,195,000, the average of 1911-12, an increase of 120 per cent.

The exports of all other cotton manufactures rose in the same years from an average of £65,034,000, to £105,321,000, the average of the two years 1911-12, an increase of no less than 60 per cent. in the nine years.

This great increase was realised even more in the exports to the highly protected countries in Europe than to other countries. To Germany alone, where high duties are imposed on imported cotton goods, the exports of cotton yarn have increased from £1,004,000 for the average of two years, 1902 and 1903, to £4,821,000 for the average of 1910 and 1911, and the exports of cotton tissues from £1,286,000 to £1,920,000.

Compared with the exports, the imports of foreign cotton goods are insignificant. The value of imported cotton yarn in 1912 was only £540,000, and of cotton tissues £2,502,000—together about 2 per cent. only of the value of exported cotton goods.

This immense expansion of exports of cotton manufactures, far beyond what the most sanguine Free Trader could have ventured to predict in 1904, should be a warning to Tariff-mongers not to apply their quack remedies to it.

Complete freedom of imports, the low price of every product used in the manufacture of cotton, and in the erection of factories, and the construction of machinery, and of food and clothing for the workers employed in it, are the very essence of the Lancashire cotton trade—the main point in which it has any advantage over all its rivals.

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IV

REPORT ON AGRICULTURE

THE third and only other report of the Commission which has been allowed to see the light was that on agriculture. The committee which inquired into it was presided over by Mr. Chaplin, and consisted of twenty-two other agriculturists equally well known for their ardent support of the Chamberlain policy. The report was issued in 1905 in a bulky volume, containing the evidence of very numerous witnesses. With the rarest exceptions they were all of one mind. They breathed nothing but Protection, the necessity for raising prices of food products, and for restricting competition of foreign products. A large proportion of the witnesses considered that the proposed import duties under the Chamberlain scheme would be quite insufficient. They thought them so small as to be useless. The general tone of the witnesses showed that the concession of the Chamberlain scheme would only whet their appetites for more. Every argument used for the scheme would apply equally in the future for further demands. It was generally admitted that the proposed duty on corn of 2s. per quarter would have no effect in inducing farmers to increase their arable cultivation by ploughing up the land laid down in grass during the period of agricultural depression of 1880-1904. It was agreed that nothing short of a duty of 12s. a quarter would be sufficient for this purpose.

It was significant that the witnesses desired Protection equally against Colonial produce as against Foreign produce. There was a general demand that duties should be imposed on imports from the Colonies, and that if preference were to be given, it should only be to the extent of one-half of the duty on foreign products. The

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evidence as a whole was based on the belief that import duties on food would raise prices in the interest of the farmers. Not a few, however, seemed to be under the delusion, fostered by Mr. Chamberlain's speeches in 1903, that import duties on food would be paid in part, if not wholly, by the foreigner, and not by the consumer. There was much confusion of mind on the subject. Mr. Balfour's policy, which, it was believed, aimed only at duties on manufactured goods for the purpose of retaliation, and not on imported food, was generally condemned on the ground that it would increase the cost of everything the farmers purchased, such as their clothes, their farm implements, their feeding stuffs and their machinery, while they would not benefit from the increased price of their own products. But the same witnesses often alleged that duties on food would not increase its price to consumers. No attempt appears to have been made to cross-examine these witnesses, and to show their inconsistency, or to test the evidence on these and other points. The case of the agricultural labourer was not heard or considered. It was apparently thought that the agricultural interest consisted only of farmers and landowners, and that the labourers had no concern in the question of the levying of duties on their food. No questions appear to have been asked as to whether the wages of labourers would rise in proportion to the increased cost of food.

The purpose of the committee was evidently to collect the evidence of persons with preconceived views in favour of a scheme already, as regards its main features, determined on. There was no element of an impartial and scientific inquiry. A committee thus conducted fulfilled, as was to be expected, the objects of those who called it into existence. It reported in favour of the Chamberlain proposal of duties of 2s. a quarter on corn, of 5 per cent. on meat, of 5 to 10 per cent. on dairy and other agricultural produce,

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with a suggestion for yet higher duties on special articles. It recommended, however, that the preference to be accorded to the Colonies should be one-half only of the duties on foreign produce, and not, as in the Chamberlain scheme, the whole of them. It also reported against the exemption from duties of bacon and maize. It was in favour of a much higher duty on flour than on corn, with the object of encouraging the milling interest; it advised that the rebate allowed in the case of the duty on corn of 1902, on the re-exported offal of milling, should not be given under the new scheme.

It was to be expected that the committee, when reporting in favour of import duties on food, would state what would be the aggregate revenue to be derived from them, and how they would affect prices, and how they would bear upon the different classes of persons engaged in agriculture, and also on the public generally. The committee was silent on these important points. We are not surprised at this. We can well understand the dilemma in which the committee found themselves. If they had expressed the opinion that prices would be raised by the duties they proposed, and that consumers would have to pay more for their food, it would have been necessary to follow this up by considering and reporting whether the wages of agricultural labourers would be raised in proportion to the increased cost of their food. If no such rise should take place, it is obvious that the labourer would suffer greatly from the scheme of duties on food. If the committee had come to the conclusion that a rise of wages would take place equal to the increased cost of their food, the scheme would afford little hope of greater profit to farmers. If, again, it should be their opinion that prices would not be raised by the import duties, what would be the attraction of the scheme to farmers and landowners? Under the difficulty of steering between these opposite

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conclusions, the committee evidently decided that their best course was to be silent, at the expense, however, of the honesty of their report.

Let us endeavour to supply this defect of the report. The proceeds of the duties on food of all kind, as proposed by the committee, may be estimated at £12,000,000 a year. We hold it to be absolutely certain that prices of imported food will be raised by the amount of the duties, and probably by something more, and that no part of the duties on necessaries of life will be paid by the foreign producer or exporter. The importers in this country, the millers and the wholesale dealers, will pay the duties and will raise their charges to the retail dealers by the same amount, and the retail dealers will charge it to the public.

But, in such case, it is equally certain that the price of home produce will be raised in exactly the same proportion. Roughly speaking, the home produce of food of all kinds is about equal in value to the imported food (not including sugar, tea, spirits, etc.). The increased price of food, imported and home grown, of the aggregate estimated value of £400,000,000, will be about £24,000,000 or over. This increased price will be paid by the consumer. One-half of this will go to the Exchequer in the shape of import duties, subject to a deduction of about £1,250,000 in respect of Colonial produce, which will be a bonus to Colonial producers. The other half, £12,000,000 a year, will find its way into the pockets of home producers, and ultimately the larger part of it into those of landowners in the shape of increased rent.

We are justified, therefore, in the conclusion that labouring men would have to face an increase all round on their payments for food. To an agricultural labourer with an average wage all the year round of 16s. a week, of which 12s. a week is spent on food for himself and his

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family, the increase works out at about 50s. a year, or more than three weeks' wages in the course of the year, or nearly 1s. a week—a very heavy charge on him.

What is the prospect of his wages being increased in this proportion? All the past experience of this country before 1846, and of other countries in recent times, shows that no increase of wages results to the labourer from protective duties, large or small.

It must not be assumed that the gain to farmers by the increased price of their produce will be without drawback. All farmers will have to pay 10 per cent. more for their farm implements, machinery and feeding stuffs, for their clothing and all their other wants. Dairy farmers, who devote themselves to the supply of milk, will derive no benefit from the proposed duties, as there is practically no importation of milk. They will have to pay more for their feeding stuffs, a most important item in their trade, and for all else which they have to buy.

These are matters which should have been inquired into by the Tariff Committee on Agriculture before recommending such a scheme. Their failure to do so is but another proof of the futile character of their inquiry, and of the grave defects of their report.

The witnesses before this committee, and the committee in their report, were filled with alarm for the future of British agriculture. They dilated on its past losses. They saw no hope for the future. They gave full support to the dismal jeremiads of their patron saint, Mr. Chamberlain. It was undoubtedly the fact that farmers and landowners passed through a period of grave depression, commencing about the year 1878, when prices of agricultural produce, and especially of corn, began to fall, and when profits of farmers were largely reduced. A large acreage of arable land was laid down in grass. Rents were largely reduced. There was a great reduction in the

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number of agricultural labourers, mainly caused by the greater use of machinery. The depression, however, was very unequally felt. Farmers in the pastoral districts of the United Kingdom suffered much less than those in the arable districts, for the prices of meat and of dairy produce fell much less than those of corn. Wages of labourers did not fall in proportion to prices, and the farmers could not recoup themselves for the lower prices of their products by lowering wages. They were compelled, therefore, to economise labour in every possible way.

But of late years, and since the report of the Tariff Committee we are referring to, there has been a very great improvement in the position of agriculture. Prices have risen owing to natural causes, and without the artificial incentive of protective duties. Farmers have effected further economies in labour by the greater use of machinery. It is universally admitted that for the last six or eight years the average farmer has been doing well, and that many of them have made large profits. The best test of this is that there is no longer any difficulty in letting farms. For every vacant farm there are very numerous competitors. Rents are on the rise again. When large landed properties are for sale, it is found advantageous to put them up for auction by separate farms, and the tenants have in large numbers of late become purchasers of their farms. This indicates that they have made good profits of late years and have money in hand. So great is the demand for land on the part of farmers that County Councils find great difficulty in acquiring land, by purchase or hire, for the purpose of giving effect to the intentions of Parliament by creating a class of small owners or occupiers of land. The depression of agriculture has passed away. The report of the Tariff Committee is dead, and no one can now read it or wade through the evidence taken by the committee without being pro-

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voked to scorn and contempt, and without being amazed at the waste of human mind and labour in the production of such a worthless result.

V

OTHER INQUIRIES

THE report on agriculture was the last of three reports issued by the Tariff Commission. Inquiries, however, were held on eleven other industries—on the woollen, flax, hemp, hosiery, lace and carpet industries—in 1904. In the following year, 1905, summaries of the evidence taken in these inquiries were issued by the Tariff Commission in seven bulky volumes. It was stated in the prefaces to these volumes that the reports of the Tariff Commission on these industries were nearly ready, and would soon be issued. In 1907 summaries of evidence taken by the Tariff Commission were issued as to three other industries—pottery, glass, and sugar and confectionery—and in 1909 a summary of evidence taken as to the engineering industry was published. In these volumes, again, it was advertised that the reports on the woollen and other textile industries, of which summaries only had been issued, were nearly ready and would soon be published. But none of these reports have been issued to the public.

It is not stated in these summaries of evidence as to these eleven industries by whom the evidence was taken or when it was taken. It appears, however, from the contexts that the evidence was, for the most part, taken in 1904, and in part, perhaps, in . . . but not later. No explanation was given of the long delay in the publica-

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tion of the summaries of evidence as to the pottery, glass and sugar industries, where three years were allowed to elapse, or in the engineering industry, where five years elapsed between the taking of the evidence and the publication of the summaries of it; nor has any justification ever been given as to the non-publication of the reports or conclusions of the Tariff Commission. The summaries of evidence show that the inquiries were conducted in the same one-sided, unsatisfactory manner as in the case of the three industries where reports were issued, and which have already been adverted to. They were all tarred with the same brush. None of them had the rudiments of independent or scientific procedure. They were mere *ex-parte* inquiries, confined in each case to the particular industry dealt with, conducted by men whose minds were fully made up in favour of the great scheme of Mr. Chamberlain. There was no pretence of hearing the other side of the question. The witnesses were equally of one mind as those who held the inquiry, and were evidently selected on that account. No single representative of labour was examined as to the effect of the scheme, as a whole, on the labourers. It was obviously the intention of the Commission to restrict their inquiry to each industry dealt with, and carefully to exclude consideration of the effect of the whole policy on all other industries. In this they were wise in their generation. Mr. Cobden used to say that he found by experience that almost everyone engaged in a business was a Protectionist, so far as his own particular industry was concerned. A plausible and specious case could be made out for any single trade that by imposing an import duty on foreign products competing with it, prices would be raised, competition reduced, and employment increased; and, if protective duties could be limited to that single trade, those concerned in it would be benefited. No one doubts,

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for instance, that a duty on imported corn alone, equal to that now imposed in Germany, of about 12s. per quarter, if imposed singly and unaccompanied by duties on other imports, would benefit farmers in this country, would give an inducement to increased cultivation of corn, would permanently add to the rent of landowners, and would increase employment in rural districts by the extent to which land laid down in grass should again be broken up for arable cultivation; no one doubts that a duty of 10 per cent. on iron and steel bars and rails would benefit the manufacturers of these articles by raising prices, checking foreign imports, and lessening competition. The general public, however, would have to pay for these benefits to individual industries in the increased prices of the articles produced. When the same measure is extended to all industries, when duties are raised on all imports, as is certain to follow, the scheme becomes one for raising prices all round, where the benefit to the particular industry is lost in the increased price which the farmers, or manufacturers, have to pay for all their other requirements, and where the workmen in that trade and in all other trades will certainly suffer from enhanced prices of food and all necessaries of life, without any prospect of their wages being increased in the same proportion. The manufacturers, who gave evidence before the committees of the Tariff Commission, were generally agreed that in the protected countries in Europe, and especially in Germany, the wages of labourers were very distinctly lower, and the hours of work much longer, than in the case of the labourers in the same industries in England. This was the main ground on which they based their demand for protective duties. They asked that they might be put on a level with their rivals abroad as regards the cost of labour. It was assumed that wages would not rise in proportion to the increased cost of food and other necessaries of life. It

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did not seem to have occurred to any of them that the protective duties in such a country as Germany were the direct cause of low wages and of enhanced cost of living to labourers.

An inquiry, therefore, restricted to a particular trade, and which excluded the question: "What will be the effect of the scheme, as a whole, on that trade and on all other trades, and on the labourers employed in them, and on the public generally?" was necessarily a sham and a fraud. This, in effect, was what these inquiries by the Tariff Commission have been.

The reports and summaries of evidence which have been issued by the Tariff Commission have consisted of two distinct parts—the one dealing with the past of the various industries inquired into. By an ingenious selection of years and periods for comparison, following the example of Mr. Chamberlain in his speeches in 1903, by disregarding altogether the effect of the great fall in prices from 1880 to 1893, in concealing the real progress in volume of trade, and by taking the worst possible view of existing industries, a pessimistic conclusion was arrived at as to progress in past years and as to the existing condition of these industries.

This naturally led on to the other part, which consisted of dismal jeremiads as to the future prospects of these industries, and the confident expression of opinion that unless foreign competition could be stemmed by the imposition of protective tariffs, the industries would be ruined. Unfortunately for these prophets of decadence, the years which immediately followed the issue of the reports, and the taking of evidence on which the summaries were based, completely nullified all these predictions. Commencing with 1904, and continuing up to 1912, there has been an expansion of trade in almost every branch of industry such as has never been experienced in past years—a

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progress beyond what the most ardent Free Trader would have ventured to predict eight years ago.

This seems to be the real explanation of the fact that the promised reports, in respect of which the summaries of evidence were issued, have never been allowed to see the light. Some delay necessarily occurred in dealing with such a number of inquiries, and trade improved to such an extent, in the interval, that it was thought better not to issue the reports, but to wait in hope for a reaction, and for a period of bad trade. But the reaction did not occur and no period of bad trade was experienced. In vain did the Tariff-mongers pray for bad times. Bad trade did not come. The very reverse occurred. It was obviously impossible to frame reports upon evidence completely nullified and made absurd and ridiculous by events so contrary to their expectations and predictions. The reports were consequently still further delayed.

In 1910, the Cobden Club, in "Tariff Makers," subjected these sham inquiries of the Tariff Commission to a scathing criticism. It expressed the confident opinion that the promised reports would never be produced, and that the Commission was practically defunct. No reply was ever attempted, save that in September, 1910, Mr. Hewins disclaimed in the Press the suggestion that these reports were purposely withheld from the public, and that the Tariff Commission was practically defunct. But in November of the same year the *coup de grâce* was given to the Commission. It was obvious that the reports could never be published. A correspondence was accordingly sent to the papers in which Mr. Chamberlain, writing to Mr. Hewins, the Secretary of the Commission, said that "he could not sufficiently thank the Tariff Commission for its work. They had produced a series of reports of which they had reason to be proud," and that, "when a Government pledged to Tariff Reform

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should be returned to power, there could be no doubt that the reports would be of the greatest value in forming a tariff." The letter then proceeded to treat the work of the Commission as completed, and requested them to direct their attention in the future to the question of "Preference." The letter spoke of a series of reports, oblivious of the fact that reports on only three industries had been issued, and that in the eleven other industries, where inquiries had been made, the promised reports, which four years previously had been announced as nearly ready for publication, were withheld and suppressed. In view of the regrettable state of Mr. Chamberlain's health, it is impossible to suppose that he waded through these fourteen volumes of evidence so as to form any opinion of their value. It is more reasonable to suppose that the terms of the letter to the Tariff Commission were suggested to him by Mr. Hewins, who was anxious to find an escape from an impossible and humiliating position by winding up the Commission, with the least possible discredit, under the cover of a valedictory eulogy from its founder. However that may be, the Commission came to an end. The promised reports will never be produced, and the final report of the Commission, co-ordinating the reports of its committees and recommending a complete tariff, will never be issued. The eleven summaries of evidence taken at as many separate inquiries have been already buried deep in oblivion. They are completely obsolete. Reports on them could not possibly be drawn up, and the evidence summarised in the case of the eleven industries could not now be given in the same sense, any more than could Mr. Chamberlain's speeches of 1903 be now delivered. The Tariff prophets have been exposed. They cannot again venture to try their hands at reading the future.

It is to be noted that the three reports of the Tariff

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Commission and most of the summaries of evidence in the woollen industries were issued by the Tariff Commission in 1905, before the General Election of that year, at a time when the tide of prosperous export trade had only recently begun, and when the predictions of the Tariff Commission and its selected witnesses had not been completely nullified, and when the credulous might still think that there was some reason to believe that they would be verified. Yet, although the General Election turned largely on Tariff Reform, these reports and the evidence taken by the Commission produced no effect whatever even in the districts whose manufactures were largely concerned in them.

Before concluding our criticisms of the sham inquiries by the Tariff Commission, we think it well to give the figures showing the progress of the various industries in respect of which summaries only of the evidence have been published by the Commission, without any reports or recommendations. The figures show at a glance how great has been the expansion of the export trade during the last nine years, as compared with the imports of the same articles. The aggregate exports have increased by 50 per cent., while the imports have increased by only 4 per cent. We can well understand that, as these results were realised, it became necessary to suppress the reports founded on evidence so completely negatived by subsequent experience.

Among the most remarkable of the expansions of the last few years has been that of the woollen industry in all its branches. It is that in which in past times there has been the keenest competition with France, Germany, and Belgium. The exports of these industries have increased in the eight years by 60 per cent., while the imports have been stationary. While there has been this phenomenal increase in the exports of British woollen

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and worsted goods, the exports from France have fallen in the same period from £8,724,000 to £7,702,000, and those of Germany have increased from £12,000,000 to £12,450,000, or by less than 4 per cent. Yet this was an industry which, in 1903, Mr. Chamberlain described as threatened with serious reverses, and for which the witnesses before the Tariff Commission demanded protection as against its foreign rivals!

	* EXPORTS.		IMPORTS.	
	Average of 2 years.		Average of 2 years after deducting values of re-exports.	
	1903-4	1911-12.	1903-4.	1911-12.
	£	£	£	£
Woolen Tissues	4,201,000	8,572,000	2,341,000	2,950,000
Do. Hosiery	999,000	1,841,000	307,000	428,000
Carpets and Rugs... ..	1,448,000	1,656,000	515,000	322,000
Tissues and higher Manu- factures of Wool other than above	15,212,000	22,177,000	7,312,000	4,908,000
Linen Yarn	869,000	1,244,000	926,000	1,343,000
Do. Manufactures	5,637,000	6,984,000	678,000	945,000
Jute Yarn	506,000	781,000	76,000	48,000
Do. Manufactures	2,087,000	2,467,000	309,000	904,000
Machinery	20,552,000	32,060,000	3,474,000	5,100,000
Glass	1,054,000	1,751,000	3,423,000	3,096,000
Porcelain and Earthenware	2,140,000	3,090,000	837,000	884,000
	54,705,000	82,623,000	20,198,000	20,928,000

* Owing to a change in the Board of Trade's method of classification it is impossible to compare the figures of Confexionery for 1903 and 1904 with those of 1911 and 1912. There has however, been a much larger expansion in the export than in the import trade.

VI

TARIFF REFORM A PARTY PLANK

THE impudent attempt to impose on the working classes the belief that import duties on food would not raise its price to consumers entirely failed to produce any effect upon the great body of electors in the General Election, at the commencement of 1906. There can be no doubt that the fear of food taxes contributed greatly to the defeat of the Unionist party. Even without this aggravating issue, defeat would have been certain, for the country was thoroughly weary of the long reign of a Tory Government.

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But, with food taxes and protective duties superadded, there resulted a disaster almost without parallel in past electoral experience. The Unionist party, however, which emerged from the election was, with rare exceptions, committed to the policy of the Tariff League. Of 154 Members returned to the next Parliament, only 16 were pronounced Free Traders.

There followed immediately after the General Election another misfortune to the Tariff League, the disablement of Mr. Chamberlain by serious illness. This led to the withdrawal from active political work of the leader who had inaugurated the movement, and who alone could give a defence of his scheme in a specious and attractive form on a public platform.

Undaunted, however, by their memorable defeat in 1906, and by the loss of their leader, the Tariff-mongers set to work, after the election, with renewed energy to obtain control of the organisation of the Unionist party. From that time to the present this seems to have been the main object of their efforts. Their ropes were doubtless based on the expectation that other issues would arise which might turn the political scale against the Liberal party, and that Tariff Reform, if adopted as a plank of the Unionist party, would have the benefit of them and of a general reaction, after a few years of a Liberal Government.

It was also confidently hoped that two successive bad years of trade would, before long, occur, which might have the effect of making the electorate more disposed to try the quack remedy of Protection. Whatever the causes at work, there can be no doubt that in the years which followed the election of 1906 the Unionist party became more and more identified with the Tariff League. The latter succeeded in getting complete control of the party organisation of the former. It was able to compel the

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selection of candidates for Parliamentary election pledged to its views, and to exclude those who were suspected of any leaning to Free Trade. As a result, the Unionist leaders became more pronounced in their views on the Tariff question.

Thus, on February 14th, 1906, within a few days of the close of the General Election, Mr. Balfour publicly affirmed that "fiscal reform was and must remain the first constructive policy of the Unionist party." He favoured, he said, a moderate general tariff. "A small duty on foreign corn," he thought, "was not in principle objectionable, and should be adopted, if shown to be necessary." This was the nearest approach, we believe, which Mr. Balfour had as yet made to a recommendation of food taxes. It was not very enthusiastic, and the words, "if shown to be necessary," afforded the means of escape in the future. Such as it was, it was accepted by Mr. Chamberlain. "I cordially welcome," he said, "Mr. Balfour's proposal. I entirely agree. I gladly accept."

Under the influence of this patronage in high quarters, and by generous support of money, the prospects of the Tariff-mongers somewhat improved in 1907 and 1908. In the last of these years their hopes were greatly excited by a temporary depression of trade, caused in great part by a monetary crisis in the United States, and in part also by famine and bad harvests in India. There was also expectation that the greater expenditure of the Government, especially in the direction of Old Age Pensions, would necessitate an increase of taxes, and a resort, therefore, to taxes on imports.

A formula was devised which it was hoped would rope in to the support of the Tariff scheme many doubting and even hostile outsiders: "It was necessary to widen the area of taxation." Lord St. Aldwyn, who was reckoned a staunch Free Trader, lent his authority to this formula.

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"The repugnance to small duties on corn, meat and dairy produce," he believed, "was breaking down."

Mr. Balfour also, about this time, began to profess something like enthusiasm for the Tariff scheme. On October 7th, 1909, he said: "I am a professed believer in what fiscal reform can do." On November 20th he pledged himself and his party to fiscal reform. But in none of his utterances did he define what he meant by fiscal reform, and he evidently avoided committing himself absolutely to food taxes.

In 1909, Mr. Lloyd George produced his great Budget, by which he provided revenue for the purpose of Old Age Pensions, and for great additional expenditure on the Navy, by increasing direct taxation in the shape of income-tax and super-tax, and imposing a tax on undeveloped land, without resort to new indirect taxes in the shape of import duties of any kind. This was a most cruel blow to the Tariff-mongers. They did their utmost to oppose and reject the Budget, not so much from sympathy with the classes who would suffer from it, as from the belief that the only alternative to it was a scheme of import duties on foreign food and manufactures. Beaten in the House of Commons, they turned their hopes to the House of Lords, regardless of the long-established principle that this body had no concern in financial measures. They invited the Peers to reject the Budget and to force a General Election. From his sick chamber Mr. Chamberlain wrote: "I hope the House of Lords will see their way to force a General Election." Mr. Balfour also gave a signal to the Peers to adopt this course. The Peers were only too ready to follow the course, against the advice of some of the wisest and most experienced of their members. In so doing they signed their own death warrant. A General Election followed, early in 1910.

In the course of this election campaign Mr. Balfour

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again increased his enthusiasm for Tariff Reform. On January 5th, 1910, he said: "In every country where Tariff Reform has been applied, it has been followed by increases both in the home trade and the export trade. In other words, you make the country a greater productive instrument. You increase the total of the income there is to distribute. Tariff Reform, therefore, would increase and increase greatly employment for the working classes." There was a semblance of scientific and economic treatment of the question in this astounding paradox, but it would not stand the test of cross-examination. There was no reference in it to food taxes.

This and many other similar exhortations failed to convince the electors. The depression of 1908 had passed away. It proved to be a mere temporary disturbance. Trade was again increasing by leaps and bounds. No case could be made against Free Trade. There was a widespread fear of food taxes on the part of labourers. The General Election, which took place early in 1910, proved to be fatal to the hopes of Tariff Reformers. A majority of Liberals was again returned, not so great, indeed, as in 1906, but more than sufficient to secure to the Government a stable position. It was an emphatic verdict against protective duties on food.

The action of the House of Lords, in rejecting the Budget of 1909, and forcing a General Election, raised a great constitutional question, which could only be settled by limiting for the future the powers of that House. They endeavoured to ward off the attack by a scheme of self-reform. It is unnecessary to refer to this fantastic scheme, except so far as it embodied for the first time a proposal to submit questions of grave importance, on which the two Houses should differ, to the whole electorate. It was proposed and carried by their Lordships: "That if the difference between the two Houses relates to a matter of

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gravity, and has not been adequately submitted for the judgment of the people, it should be submitted to the people by referendum."

It will be seen that this proposal for a referendum had, later, a most important bearing on the fate of Tariff Reform. The scheme was in the first instance suggested by the Tariff League. Its leaders in the House of Lords supported it. It passed the House of Lords without opposition (the Government and its supporters abstaining from taking part in the discussion). Mr. Balfour gave it his benediction. He said that it completely settled the question. Meanwhile, an attempt was made by the leaders of the two parties to come to an agreement as to the relations of the two Houses, but in vain. Parliament was dissolved again in December, 1910.

In his speeches in the campaign preceding this third election, Mr. Balfour again waxed enthusiastic in favour of Tariff Reform. "It will not," he said, "increase the price of living to the working classes. It is ludicrous to suppose that the price of bread will be increased by any appreciable amount." (November 18th.)

And again, at Nottingham, he said: "Granting, for the sake of argument, that the price of bread is increased—it shall not increase the cost of living to the working man." He pledged the party which, for the time being, he represented, that, "no matter how much the duty on corn may increase the price of bread, no working man shall suffer thereby." This pronouncement met with the approval of the disabled sage of Highbury. He wired to Mr. Balfour: "I need not assure you that I am in the most cordial and complete agreement with you."

These assurances, however, did not produce much effect. It was found difficult by the Unionist candidates to make the electors understand that duties on imported food would not raise its price. There were cross currents

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in the party. There were men of great influence in it who knew that it was impossible to win the pending General Election, or, in fact, any future election, if food taxes were to be insisted on. Mr. Balfour must have had misgivings on the subject. He had always been ready with devices for evading or postponing the issue of food taxes. He now availed himself of the scheme of the referendum as proposed by the House of Lords.

At a great meeting at the Albert Hall, on November 29th, 1910, just before the General Election, he announced the policy of his party. "The Government," he said, "have asked me whether I favour the referendum. They think they have put me into a hole; but they have not. I frankly say without question Tariff Reform is a great change. I admit that this election cannot be described as turning upon Tariff Reform. I have not the least objection to submit the principles of Tariff Reform to a referendum."

The announcement was received by the great audience with overwhelming enthusiasm. "This has won us the election," was shouted from all parts of the hall, and was echoed by the Tory Press. The difficulty of food taxes, it was believed, had been got over. The immediate election would turn on other questions. Tariff Reform was deferred, and would be submitted eventually to the popular vote.

There were not wanting members of the Unionist party who disapproved of this course. They regarded it as a device of Mr. Balfour to postpone food taxes indefinitely. There was, however, no split in the party. The General Election was undoubtedly fought on the understanding, so far as the Unionist party was concerned, that the scheme of Tariff Reform, when finally settled, would be submitted to a referendum. Mr. Chamberlain, however, did not commit himself to it. He continued to maintain the cause of Tariff

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Reform. In a series of messages from Highbury he commended his policy to different parts of the country without ever mentioning the referendum. To Wales he wrote: "No part of the United Kingdom has more to gain from Tariff Reform than Wales." To Ireland he wrote in the same terms. To the Potteries a similar message was sent; and to the East of London he affirmed that its people were more in need of Tariff Reform than any others. These efforts were in vain. In spite of the attempt on the part of the Unionist leaders to disentangle the issues before the election by the relegation of Tariff Reform to a future referendum, the constituencies again returned a Liberal majority to the new Parliament in about the same proportion as in the previous one. The majority was pledged to carry the Parliament Bill, and to deprive the House of Lords of its power to veto Liberal legislation. It was vehemently opposed to the Tariff scheme in all its bearings.

VII

THE "VOLTÉ-FACE" OF 1913

THE interior history of the Unionist party from the second General Election of 1910 till the retirement of Mr. Balfour, in November, 1911, is somewhat obscure. There is reason, however, to believe that from an early date after the General Election the great majority of the party determined to throw overboard the referendum, which had failed to give them victory, and which might jeopardise Tariff Reform, if they succeeded in a future election. The adoption of this policy by the party necessarily involved the resignation of Mr. Balfour, who had so fully committed himself to the referendum. He was also

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suspected of being very lukewarm in his advocacy of Tariff Reform. It was thought necessary to find a more zealous and fighting leader.

Mr. Balfour, rightly interpreting the wishes of the party, most wisely decided to give up his thankless position of leader. On the same day that he announced his resignation, Mr. Austen Chamberlain, at a meeting at the White City, in London, conspicuously threw overboard the referendum. "Tariff Reform," he asserted, "is now part and parcel of Conservatism, without need of further mandate, sanction or approbation. The moment the Unionist party are returned to power, they will set about converting their Tariff Reform propaganda, their principles of Imperial Preference and of fair and equal treatment for their own people, into a statutory form." This was a strong bid for the leadership, which he must have known was to be vacated by the resignation of Mr. Balfour. The Unionist party, however, did not respond. It chose a comparatively unknown man, Mr. Bonar Law, as its leader. This statesman had not been behind Mr. Austen Chamberlain in his vigorous enthusiasm for Tariff Reform. He had dubbed it as the greatest of all social reforms. Our system of Free Trade, he had declared, was the worst of all. "Two bad winters would assist the country to a better mind." He had expressed agreement with Mr. Chamberlain, in 1909, that improved trade could not be attained without a tax on food. "Tariff Reform," he had more lately affirmed, "is the great item in the constructive programme of the Unionist party, and I share in the view expressed at the outset by Mr. Chamberlain that it is a national and Imperial question which far transcends in importance any party issue." He also commended himself to the party as a leader who would not be afraid to use strong language. It was thought by many that strong language meant strong

by Chamberlain

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determination. But the sequel showed that this was not so. Possibly there were those in the Unionist party who backed his candidature, knowing that he was as ready and willing to compromise as Mr. Balfour, and as little to be trusted on Tariff Reform. Certain it is that he very soon began to show the white feather.

On December 13th, Mr. Austen Chamberlain, at Glasgow, apparently with the authority of the leader, Mr. Bonar Law, spoke in very definite terms of the details of the intended tariff.

"We propose," he said, "to put on foreign wheat a duty of 2s. per quarter, on other foodstuffs 5 per cent., with such abatements or total exemption in favour of Colonial produce as may seem to be desirable. On manufactured goods an average of 10 per cent. is quite as high as we need to go." He repeated this again at Carlisle.

But less than a week later, Mr. Bonar Law, while asserting in the strongest terms his ardour for Tariff Reform, made a most important retrograde step.

"For some years," he said, "we have kept the flag flying, and, if there is any sincerity in political life, this is not the time, and, at all events, I am not the man to haul down the flag." But later in the same speech he commenced the operation which he so indignantly repudiated. He explained that, "on taking office, the party which he led would call a conference of the Dominions, and only upon the request of them would the Government impose food taxes, and not till then." In other words, the responsibility of deciding whether food taxes were to be levied or not in this country was to be imposed on the Dominion Governments and Parliaments.

A more astounding proposal was never made by a political leader in this country. It was at once, without hesitation or delay, repudiated by Canadian statesmen. They declined the task of deciding what taxation the

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parent country should bear. This was a deathblow to the immature proposal. Tariff Reform, however, recovered for a time. Its prospects improved, and, apparently, Mr. Bonar Law was forgiven his glaring indiscretion.

In the middle of November, 1912, a meeting was held at the Albert Hall of the Unionist delegates from every part of the country. Its object was to affirm and approve the fusion of the Tory party and Liberal Unionists, to commit the united party to Tariff Reform and Imperial Preference, and to throw over completely the hated scheme of a referendum.

Lord Lansdowne announced at this meeting that the referendum was to be dropped by the party. "It would be unreasonable," he said, "that Tariff Reformers should come into office hampered by an engagement of that kind. . . . If we win, as I believe we shall, we must come in free to raise taxation."

Mr. Bonar Law, who followed, met with a great ovation. "Tariff Reform," he said, "is our first constructive plank. We must raise revenue for social reform. Food taxes will be necessary for the purpose. We shall make the burden on the working classes smaller, and not larger."

The referendum was repudiated by the unanimous vote of the immense assembly of delegates amid the wildest enthusiasm.

At the close of 1912 it was stated, on the authority of Mr. F. E. Smith, a newly promoted luminary and leader of the Unionist party, that Tariff Reform, in its full sense, was the master-key of the Unionist activities. There appeared to be unanimity in favour of food taxes. Yet, within six weeks of the Albert Hall meeting, a revolt against them arose in the interior of the Unionist party. The Lancashire Tories, led by Lord Derby,

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refused to be bound to a policy of food taxes. The experience of a by-election at Bolton made it certain that the party could not win elections in Lancashire and Yorkshire if they were encumbered with them. There followed a *volté-face* of the party. It appeared that more than one-half of the Unionist Members in the House of Commons were, in their inner souls, opposed to food taxes. Many of the leading Unionist papers, including Lord Northcliffe's three—the *Times*, *Daily Mail*, and the *Daily Mirror*—declared strongly against them.

A panic seized the whole party. "A sudden wholesale abandonment," said Mr. Chaplin, "took place, not on the question of principle, but to all appearances in a panic of what we had been preaching for years about our first constructive policy."

"We are in a moral interregnum," said Mr. Garvin, in the *Observer*. "All was flinching, finessing, shifting, and chaotic indiscipline and furtive intrigue. In all this miserable sequence of newspaper manœuvre, panic, stampede and frantic snatching at supposed electioneering advantages we see very little of political foresight or shrewd political judgment."

What was clear was, that although the Tariff-mongers had captured the political organisation of the Unionist party, they had not succeeded in persuading a majority of its rank and file as to the expediency and possibility of taxing the food of the people. At all events, it was recognised that it was impossible to persuade a majority of the electors that taxes on imported food would not raise its price to consumers. Ten years of effort, of boundless expenditure, and of torrents of speeches had been insufficient for the purpose, and three General Elections had shown that the electors were not to be gulled into food taxes. What took place was a good illustration of the old adage that "you may bring a horse to the water,

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but you cannot make it drink." The Tariff Reformers, by capturing the party organisation, had brought the Unionist army to the brink of food taxes, but the rank and file quailed at the last moment, and refused to swallow the fatal policy.

It was a cruel blow to Lord Lansdowne and Mr. Bonar Law, the leaders of the Unionist party in the two Houses. They had so recently pledged themselves to food taxes and to preferential treatment of the Colonies that it was almost impossible for them to climb down. When the state of opinion of the party became known to them, they threatened their resignations as leaders. This spelt ruin to the party. To avoid this disaster, and to make it possible for the two leaders to retain their position, with some show of consistency and honour, a novel device was resorted to. A round robin was signed by all but a mere fraction of the Members of the Unionist party in the House of Commons, pledging themselves to protective duties on imported manufactures, with such exemptions or partial exemptions to colonial imports as might be possible, and with a promise that a conference would be called of the representatives of the Dominions to discuss some future and wider scheme of food taxes, which might thereafter be imposed. Under cover of this all but unanimous request of the Unionist Members, which threw over food taxes, and substantial preference to the Dominions until the General Election after the next, Lord Lansdowne and Mr. Bonar Law consented to eat the leek and to remain as leaders of the party. Against this policy there were some passionate protests. Mr. Austen Chamberlain, Mr. Chaplin, Mr. Jesse Collings and Mr. Hewins wrung their hands in public, and declared that they had no part in the jettison of their most cherished scheme of Food Taxes and Preference. It did not, however, appear that they were prepared to raise the banner of revolt. They

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accepted, in fact, the decision of the party, and it is presumed that they will be willing to take office, in the event of a new Government being formed pledged not to propose food taxes in the next Parliament, and that they will be ready to co-operate in imposing import duties on manufactured goods only.

Their position is probably well described in an announcement made on behalf of the Tariff League in its monthly notes of June last :

"While adhering loyally to the Edinburgh compromise, they will do everything in their power to arouse and direct public opinion on this great subject" (Tariff Reform). "They will act as the pioneers or scouts of the Unionist party. They will set the pace, whither the main party must follow. They must not let their enthusiasm grow cold, but must show, by public meetings, through the Press and by putting pressure upon the party leader, that the great bulk of the rank and file of the Unionist party throughout the country are solid for the full policy of Tariff Reform. The Unionist leaders would, we are convinced, be grateful for such independent conduct, and we may be sure that they would not disregard it."

One cannot but feel compassion for an association subjected to this cruel rebuff and humiliation, and to their being reduced to the humble rank of scouts to the Unionist party.

VIII

THE PASSING OF TARIFF REFORM

LET us now consider, from a practical point of view, the position of Tariff Reform as it will be in the next few years. It may be assumed that two years will elapse

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before the next General Election. If the Unionist party should then be successful, a new Government will be formed distinctly pledged *not* to propose food taxes during the course of the new Parliament—that is, in all probability, for another period of five years. For seven long years, therefore, from the present time, the country, it is to be hoped, will be safe from the infliction of food taxes, and Tariff-mongers will be eating their hearts out in vain expectation of the main object of their policy. Unless another *volté-face* takes place in the party, from which one can never feel safe, it will not be till after a second General Election—which may be expected to turn mainly on the subject of food taxes—that a Unionist Government, if it survives so fatal an issue, will be in a position to propose them to Parliament.

Meanwhile, what are we to expect of a Unionist Government returned to power after the next General Election, with its hands tied as regards food taxes? We have been told that the Unionist Members of the House of Commons have almost unanimously signed a document pledging themselves to a policy of protective duties on imported manufactured goods, and to such small modicum of Preference as can be attained without food taxes. This agreement, however, was arrived at only for the purpose of saving the party from disintegration, by the threatened resignation of its leaders, Lord Lansdowne and Mr. Bonar Law.

There must be many elements of bitter disagreement concealed under this thin veneer of a party compromise. The Unionists in the north of England, and especially those of Lancashire and Yorkshire, who so successfully compelled the surrender of food taxes, are also, for the most part, opposed to protective duties on manufactured goods. The agricultural interest, craving for food taxes and the raising of the prices of their products, which they

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confidently hope and expect will result from them, will be very unwilling to agree to a lop-sided scheme of Protection which will raise the price of their clothes, their farm implements, their feeding stuffs, and of all their other requirements, while leaving their own products without any protection against foreign imports. It seems to be certain that these discordant forces will make themselves felt, and will make it very difficult to come to agreement for a practical scheme of protective duties on manufactured goods only. The Unionist Government, however, when it comes into existence, will have to agree upon a scheme, and will have to propound it to Parliament and the country as a policy for the reversal of Free Trade.

The present indications are that the duties on imported manufactures are to average 10 per cent. It is not clear whether this means that they are to produce an income equal to 10 per cent. on the value of all imported articles, or whether some duties are to be 20, 30, and even 40 per cent., and others 8, 5 or 3 per cent., averaging 10 per cent. in this way. Nor is it clear what are to be treated as raw materials exempt from duty; whether leather, for instance, indispensable for the manufacture of boots and shoes, is to be treated as raw material; or whether it is to be subject to duty, increasing the price of the finished article and handicapping the export trade of boots; or whether iron and steel, so necessary for the manufacture of tin plates and an infinite variety of other goods, are to be subject to duty, raising the price of these products for export as against competitors in other countries.

There are many similar questions of the gravest importance which must be settled before a definite scheme is determined on. Whatever the scheme may be, it will be quite impossible to produce a reasoned defence of it, such as that which was presented to the public ten years ago at the inception of the Tariff movement.

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The arguments of Mr. Chamberlain in 1903 mainly consisted in misstatements as to the stagnation of our export trade in the previous years, and prophecies founded on them of further decadence in the future, and the impossibility of maintaining our trade against the strangling tariffs of other countries. It was quite true that, when measured in the values of each successive year, our export trade for the previous thirty years had been almost stationary, but in the interval there had been a very great fall of prices, and, when measured in the values of 1872, the export trade had made a considerable progress year by year. This was clearly shown by the following figures, supplied in 1902 by Mr. Gerald Balfour, then President of the Board of Trade, giving the progress of our export trade since 1873 in the prices of that year :

EXPORT OF BRITISH GOODS IN MILLIONS OF POUNDS.

			Value of Exports in prices of the year.		Value of Exports in prices of 1873.
1873	...	...	255	...	255
1883	...	...	240	...	295
1893	...	...	218	...	320
1902	...	...	283	...	410
Increase of 1902 over 1873			23	...	153

This table showed clearly how completely the great fall of prices since 1873 concealed the real progress of trade. Estimated in the prices of the year, the increase in the thirty years was only 23 millions, or 8½ per cent. When, however, the exports of 1903 were valued in the prices of 1873, the increase was shown to be 153 millions, or 60 per cent., or double the rate of increase of the population. What concerns the country is the volume of our export trade in affording employment for labour, not the varying prices of the articles exported.

There was, indeed, some small excuse for Mr. Chamberlain in the fact that for two years before 1903 there

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was little or no increase of our export trade. This was due to the war in South Africa and the consequent waste of capital. The year 1904, however, was the commencement of a new era of activity and progress, continuing up to the present time. Never in the past commercial history of Great Britain has there been so great and continuous an increase of trade—broken only by a single year of bad trade, in 1908, caused by a monetary crisis in the United States coincident with a bad season in India. This prosperity has been shared in by every industry in the country without exception.

The values, as declared, of our exports of British produce and manufactures rose from 290 millions in 1903 to 487 millions in 1912. If measured in the prices of 1900, they rose from 320 millions to 478 millions, an increase of 158 millions, or about 50 per cent., an average for the nine years of $16\frac{1}{2}$ millions, compared with an average increase in the thirty previous years of 5 millions a year.

The details of this export trade show that there was a greater relative increase of exports to countries and Colonies with high protective duties than to those with low tariffs, or to India and British possessions where there are no protective tariffs.

The increase of our export trade in the eight years since 1904 to six highly protected countries in Europe—namely, Germany, France, Russia, Italy, Austria and Spain—when measured in declared values, was 72 per cent.; to the United States, 85 per cent.; to Canada, Australia and New Zealand, 75 per cent.; while to the other countries in Europe it was 45 per cent.; to India, 29 per cent.; and to other British Possessions, 34 per cent. It is, indeed, hardly fair to compare the trade of the six highly protected countries in Europe with that of the rapidly increasing populations of the United States, Australia, Canada and New Zealand. The great increase

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of our exports to the six protected countries is, therefore, the more remarkable.

Coincident with this great increase of trade, there has been a great improvement in the employment of labour, and a very great reduction in the relative number of the unemployed. The percentage of unemployment, which in 1904 was 6 per cent., was 3 per cent. for 1911, 3.2 per cent. for 1912, and for the present year, for the first time in the record of our trade, it has fallen to 1.9 per cent., a lower rate, it is believed, than in any other part of the world.

The figures are a triumphant vindication of the policy on which Free Trade was founded, namely, that the best mode of fighting hostile tariffs is by the opening of our ports free of duty to all imports.

This policy of sixty-seven years ago, based mainly on the deductive reasoning of economists and statesmen, has since been amply justified and affirmed by experience, and never more so than during the last ten years. It is now capable of inductive proof sufficient to satisfy all but the most prejudiced and interested people.

The facts and figures we have quoted show that it is not true that foreign countries by their protective systems have been able to exclude our manufactures, or to compete with us better in our home markets. The increase of our exports in these ten years has been largely to these very countries, in spite of their hostile tariffs, while our imports from them of manufactured goods have increased, if at all, at a very much lower rate.

The explanation of this remarkable result is not far to seek. The countries which adopted these high tariffs had two objects in view—the one to raise the price of their own products, the other to limit or exclude the competition of other countries. These two objects have been to some extent antagonistic. In proportion as prices were raised, the effect of the general scheme of higher

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duties was lessened on many articles of which the component parts were increased in cost. It has resulted that in numerous cases, although our export trade suffered reduction in special articles, in respect of which higher duties have been imposed, yet after a time we have recovered a great part of it, by lowering ourselves the cost of manufacture, and by raising the quality of the article produced. We have been able to do this in part owing to the low price of all the component parts of the manufactured articles, due to their free import without duty, and in part also owing to the increased cost of manufacture in the protected countries. As a result of these two causes, our manufacturers have been able to break down the barriers of high duties, and to compete on more favourable terms in the protected countries in the higher grades of products. We stand to-day, after foreign countries have done their best to check and reduce imports from us, with an industrial organisation engaged in the production of articles of a higher, and not of a lower, class than in past years, and able to compete in those very countries where the duties are highest.

If this has been the experience of trade with the protected countries, still more so has it been the case of neutral markets, where import duties are low or non-existent. In such cases the policy of free imports to this country has given us materials of all kinds, including semi-manufactured goods, at the lowest cost, and has enabled us to export with greater advantage to such countries than our rivals in trade. This is the explanation of the great superiority of British exports of manufactured goods to India, China and other countries where the duties are low or non-existent.

All this experience, however, has been totally ignored by the Tariff-mongers in their ill-starred campaign on behalf of Protection during the last ten years. All

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their assertions and predictions have been nullified, and have been shown to be supremely ridiculous by the course of our foreign trade during these years. Each successive year has supplied progressive evidence of their futility and absurdity. It is impossible to read Mr. Chamberlain's speeches of 1903 or to scan the reports and evidence before the unfortunate Tariff Commission without contempt and pity for the authors of such imbecilities. If ever in the future a Government should have the opportunity of presenting a definite scheme of protective duties to Parliament, it will be totally impossible for them to justify and defend it by any arguments founded on past experience; and when they attempt to repeat the predictions of Mr. Chamberlain of 1903 and of the witnesses of the luckless Tariff Commission, they will be confronted with the past failures of these discredited prophets. It will be asked why should those who have been so unfortunate in their past predictions be allowed to influence public opinion by renewed attempts to foretell the future?

In this view it is scarcely necessary to dilate fully on the future effects of a lop-sided scheme of protective duties on manufactured goods only. It may be well, however, to point out that under a scheme of protective duties from which food products are to be excluded, the one industry in this country, which during the last thirty years has passed through a severe crisis, in which serious losses were incurred owing to the free import of foreign food products, that of agriculture, happily now revived from depression, will have nothing to gain from the scheme, but will be subjected to serious penalties. Those engaged in it will have to pay more for all the requirements, more for their farm implements, machinery, harness and feeding stuffs, more for their clothes and other necessaries of life, while they will not benefit by the increase of price

from about 1903
new free products.

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of their products. A more one-sided, unfair and fatuous scheme it would be impossible to conceive. It seems to be wholly impossible that such a scheme will be acceptable to the agriculturists, in whose interest the original scheme of Mr. Chamberlain was largely framed. No promises of extension of Protection to them after a second General Election will be of any value. When the manufacturers of certain industries who think they will gain by protective duties, and such of their employees as may be gulled into the belief that they also will be gainers in the long run, are satisfied by a scheme of duties applying only to manufactures, what reason is there to suppose that they will take part in voting for taxes on food, which can only worsen their own condition?

There remains for consideration the effect of such a scheme in the direction of Preference for Colonial products. Almost the only true contention in the whole range of Mr. Chamberlain's speeches in 1903 was his oft-repeated statement that there could not be Preference without taxes on food. This was long an aphorism of the Tariff Reform League. The truth of this cannot now be denied. The reason is that the imports from the Dominions are almost wholly confined to food products. The imports of manufactured products from them are also a negligible quantity. It would be impossible to frame a scheme of Preference on them of any value whatever to the Dominions. It is suggested that a Preference may be given in the case of sugar in favour of West Indian produce, in the case of wine in favour of Australia and South Africa, and in the case of tobacco in favour of some other Colonies. But why should we endanger the whole Customs revenue on these articles for the little return which the Colonies benefiting from these exemptions could give us? It is inconceivable that any Chancellor of the Exchequer would be so fatuous as to propose such a policy.

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There is the further question of India. If we reverse the policy of free imports and impose protective duties on imported manufactures, how will it be possible to maintain a policy of Free Trade in India? We have been able to do so till now because Free Trade has been the settled policy of the Imperial Parliament, sustained by the confident belief that protective duties are fraught with injury and mischief to the mass of the people, in whose interest they are supposed to be levied. It is in this view that the Imperial Government has been able to impose a Free Trade policy on the Indian Government, and to forbid them levying import duties on manufactured goods unless accompanied by a countervailing excise duty.

There is no doubt that public opinion in India—so far as any such exists there—is in favour of protective duties, as is generally the case with ignorant people prompted by interested employers. It is possible to override this local opinion in the general interest of the Empire, and under the belief that India itself would suffer from a protective system. But when, if ever, Free Trade is abandoned in the United Kingdom, in the belief that it is wise and sound policy to protect native industries by import duties, it will be wholly impossible to refuse the same measure in response to Indian opinion. It is absolutely certain that, sooner or later, high protective duties will be imposed by the Indian Government on imported British manufactures, as well as those of other countries. The effect of such duties in Lancashire, which now depends so largely for its prosperity on its exports to India, will be disastrous in the extreme.

It has, indeed, been suggested by Mr. Bonar Law that the Indian case may be dealt with by duties being imposed on manufactures imported from foreign countries, but with exemption in the case of British goods.

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"We have claims on India," he said; "we have done India a great service, and have the right to say openly that we are entitled to fair play upon the Indian market. What Tariff Reform says to India is: 'If you want to put on tariffs, put them on as against the rest of the world, but be a Free Trade country to us and we will be a Free Trade country to you.'"

The concession, however, of protective duties to India with these exceptions in favour of Great Britain would be of no value to the great dependency. It would be resented by the unanimous opinion of that great dependency, and would be a serious menace to our rule there.

Lord Crew, the Secretary of State for India, immediately replied to Mr. Bonar Law :

"The Protectionist demand in India is for Protection against Great Britain, and nothing less, for Great Britain is by far the largest competitor with Indian manufactures."

"I deliberately characterise it as an unexampled misfortune in the history of our Imperial connection with India. I warn Mr. Bonar Law that it will be resented in India, that it is resented already, and that, if he ever seeks to put it into practice, it will be resented in a manner that will create an unprecedented strain on India's loyalty to the Empire."

It is impossible to believe that a scheme so unjust and unequal to India could ever be seriously propounded even by a Tariff Reform Government of Great Britain. A Protectionist policy in England must be accompanied by a Protectionist policy in India—and directed against British manufacturers equally as against those of other countries. A trade, therefore, of nearly 60 millions a year will be imperilled and untold disasters will result to Lancashire, if India is permitted to impose protective duties.

Lastly there remains the question of the effect of exemption of Colonial manufactures on our treaty rights

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with almost every foreign country for most-favoured-nation treatment. It is certain that the scheme elaborated and agreed upon by the Unionist party for a protective system, with exemption of food products, but with preference in favour of our Dominions in respect of the small residuum of manufactured products, would cost the country most heavily by depriving us of our treaty rights to most-favoured-nation treatment, with the result that we should find our manufactures subjected almost everywhere to higher duties. It seems to be inconceivable that such a scheme could be proposed or carried in the Imperial Parliament, even if a Unionist majority could be returned to it more or less addicted to the principles of Protection.

Looking back, then, at the ten years of agitation on behalf of the so-called Tariff Reform, we most confidently assert that no more futile and hopeless a cause was ever undertaken by politicians, some of them at the instance of persons interested only in raising the prices of their products, others hoping to ride into power on the back of a movement which they believed would be popular, and some few of them honest, but ignorant, the dupes of able and unscrupulous leaders. With scarcely an exception every one of the statements of fact on which the movement was based, at its inception, has been shown to be untrue and without foundation, and every one of the prophecies, which formed a large part of its stock-in-trade, has been falsified by subsequent events. The main proposition by which the votaries of the new Protection endeavoured to gull the labouring classes was that import duties on food and other products would not raise prices to consumers, but would be paid by the foreigner. A more misleading assertion was never propounded in the field of politics and economics. It has been well said, "Give a lie an hour's start, and it will travel round the world." This lie, on which Tariff-mongers based their

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cause, and by which they hoped to commend it to the electors, has been exposed and refuted, and has entirely failed to obtain credence in the country. It is still probably travelling on its course in remote districts where ignorance prevails, and there are persons interested in propagating this fallacy; but at every centre of intelligent men it has long ago been nailed to the counter.

It must be admitted that the Tariff-mongers have been singularly unfortunate in their ten years' campaign. Not only have events turned out exactly the opposite of their expectation, but from all parts of the world there have come complaints of the injuries inflicted on the labouring classes by protective tariffs, increasing the cost of living to them, without adding to their wages and their means of subsistence. Conclusive proof has also been forthcoming of the evil effects of tariffs upon representative institutions by subjecting them to the lobbying of interested classes.

The only ostensible work during these ten years of the Tariff Reform League has been their pretended inquiries into many industries of the country with the object of recommending a specific tariff—a task which they were compelled to abandon before even reports could be made on most of them, and a futile mission of working men to Germany and Belgium with the object of making comparisons as to the conditions of working men in this country. These two transactions must have caused a great expenditure of money without any results of the smallest value. Apart from these there has been nothing to show as a result of the great income and expenditure of the League. It must be presumed that the main part of it has been expended in efforts to obtain control over the organisation of the Unionist party with a view to General Elections. In this they appear to have met with great success, so far as the identification of their cause with that of

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the great Unionist party is concerned. Of the three General Elections which have taken place since 1903, the last two have been fought under the conditions of complete identification of Tariff Reform and Unionism. But the recent revolt within the party against food taxes, and the postponement of them to some future Parliament other than the next one, show that money, however lavishly expended in capturing a party organisation, cannot make certain of its prey, and that, in some way or other, the counsels of the wiser leaders will prevail, or that a revolt of the rank and file will occur, with the result that at the last moment the carefully prepared plans of the intriguers will be upset. It may be confidently expected that a similar revolt will prevent the adoption of the remnant of the Tariff scheme to which the Unionist members have committed themselves.

In conclusion, we have only to add that nothing could more effectually damn the cause of Tariff-mongers than a comparison of the speeches of Mr. Cobden, Mr. Bright and other leaders of the Anti-Corn Law League, founded in 1838, and which in eight years succeeded in defeating Protection and in founding the policy of Free Trade, with those of Mr. Chamberlain, Mr. Hewins and other founders of the Tariff League, who after ten years of agitation have been compelled to jettison the main part of their scheme. While the events of the past decade have been the most splendid vindication of the former, they have proved to be the most cruel exposure of the latter. They suggest that the time has come when this tariff fooling of ten years should be brought to an ignominious end by a jettison of what remains of a worthless cargo.

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