



REPORT
OF THE
WORK OF THE
Indian Industrial
Conference

INCLUDING A
RECORD OF GENERAL INDUSTRIAL ACTIVITY
IN THE COUNTRY.

1907.

Madras :
PRINTED BY THOMPSON & CO.,
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APPENDIX I.

EXAMPLES PROVING THAT THE IMPOSITION OF A TARIFF DOES NOT NECESSARILY RAISE PRICES.

If America had pursued the policy of free imports she could never have developed her manufactures, but would have remained a huge agricultural country, exchanging her agricultural produce for British manufactures. Even as it is she experienced the greatest difficulty in developing her resources. Whenever she attempted to start an industry the British manufacturers killed it, by dumping down upon her a quantity of materials at low prices, and again raising the price as soon as the struggling industry had been ruined. It was only by imposing tariffs that such industries could be developed. But such import duties did not necessarily raise prices. Germany experienced similar difficulties with her iron and steel industries which were swamped by English produce and almost extinguished, until Bismarck infused new life into these moribund industries, by the imposition of heavy import tariffs which have enabled Germany, not only to develop the industry, and compete successfully with us, but even to import into England large quantities of iron and steel rough and manufactured.

The manufacture of steel rails commenced in 1867; at that date steel rails cost 150 dollars per ton; the duty was changed to 28 dollars per ton, and in 1872 the price had fallen to 112 dollars; in 1874 it fell to 49 dollars; in 1876 to 59 dollars; and in 1885 to 27 dollars.

Sir Lyon Playfair the Apologist for the Cobden Club has endeavoured to account for this fall by improved process of manufacture, which of course has some slight share in it, but the only improvement that would very materially cheapen the cost of steel rails is the Bessemer process, which was invented as early as 1855 and was in full use long before the dates above mentioned. The reduction of price is fully accounted for by the fact that between 1868 and 1899 the output of steel rails in the United States increased from 8,618 tons to 2,270,000 tons, whilst the output of the United Kingdom decreased from 1,019,000 tons in 1890 to 838,000 tons in 1899.

The Manager of the Barrow Steel Company stated in evidence before the Royal Commission on Trade depression that in one year, 1884, his Company had paid £160,000 duty to the United States.

Mons. Thiers in his speech of January 22nd 1870 stated that a tariff on Linen and Cotton thread had reduced the price of a kilogram of linen thread from 7 to 3½ francs, and that the price of Cotton Thread had been reduced in similar proportion; the British monopoly having been killed by the tariff.

Under the high protective tariff in the United States, between 1860 and 1883, Cotton hosiery was reduced to nearly one-half the prices prevailing in 1860.

In 1867 a protection duty was imposed on wool. In 1872 there were in the United States 143 looms producing 1,500,000 yards of Brussels tapestry; in 1880 there were 1,070 looms producing 16,950,000 yards, and the price fell from 2.30 dollars in 1872 to 1.50 dollars in 1880 and to 93 cents in 1890.

Mr. Wycoff, United States Census Agent, stated that the average decline in the value of silk goods was not less than 25 per cent probably as much as 50 per cent in 15 years.

Salt under a tariff fell in price from 1 dollar and 80 cents in 1866 to 74 cents in 1882.

Mr. T. Dudley formerly United States Consul at Liverpool, gave the following rates of fall under the protective tariff between 1861 and 1883.

Cotton Goods	...	...	25 per cent.
Woollen Goods, Carpets etc.	...	...	25 do.
Silk	...	...	35 per cent. to 40 per cent.
Crockery	...	...	37 do.

In 1860 the duty on Crockery was 24 per cent. The tariff was increased to 40 per cent, which afterwards raised to 55 per cent, ad valorem, and now many kinds of crockery are sold in the United States at lower rates than in England.

The 'American Economist' of October 2nd, 1891, gives the average retail prices of fifty-six articles in common use, at three periods. In the first column is shown prices in 1857, near the close of the last Free Trade of the United States; in the second column are the prices in 1889, a year before the McKinley Bill passed; in the next, or third column, is given the prices of 1890, during the electoral campaign; whilst the last column gives the prices after the passing of the McKinley Act. About four weeks previously a letter was sent to 1,400 official correspondents of the American Protective Tariff League, asking them to get these prices from the merchants of the vicinity. The returns have been most complete. In many instances the testimonies of three and four merchants are given. The correspondents did not ask a dealer's politics, they were simply instructed to get actual retail prices as they existed at the periods stated.

Articles.	1857.	Oct. 1889	Oct. 1890	Sept. 1891.
	8	8	8	8
Axe ..	1.49	0 95	0 92	0 88
Binding Twine, lb.	—	0.14 $\frac{1}{2}$	0.14 $\frac{1}{2}$	0.11
Blankets pair	6 83 $\frac{1}{2}$	4 23	4 90 $\frac{1}{2}$	3 70
Blue Shirting, yard ..	0.17 $\frac{1}{2}$	0 11 $\frac{1}{2}$	0.11	0.09 $\frac{1}{2}$
Boots ..	4 76	3 27	3 07	2 72 $\frac{1}{2}$
Calico, yard	0.14 $\frac{1}{2}$	0.07 $\frac{1}{2}$	0 06 $\frac{1}{2}$	0.06
Carpets, yard ..	1.30 $\frac{1}{2}$	0 77 $\frac{1}{2}$	0 72 $\frac{1}{2}$	0.66 $\frac{1}{2}$
Cotton Gloves ..	0 34 $\frac{1}{2}$	0.24 $\frac{1}{2}$	0 22 $\frac{1}{2}$	0 19 $\frac{1}{2}$
Cotton Hosiery ..	0.47	0.25 $\frac{1}{2}$	0 25 $\frac{1}{2}$	0.20 $\frac{1}{2}$
Cotton Knit Goods ..	0.98	0 52 $\frac{1}{2}$	0 46 $\frac{1}{2}$	0 41 $\frac{1}{2}$
Cotton Thread, spool ..	0.09 $\frac{1}{2}$	0.05	0.04 $\frac{1}{2}$	0 04 $\frac{1}{2}$
Crowbar, lb.	0 11 $\frac{1}{2}$	0.07 $\frac{1}{2}$	0.06 $\frac{1}{2}$	0 06 $\frac{1}{2}$
Drawing Chains, pair ..	1.28 $\frac{1}{2}$	0.71 $\frac{1}{2}$	0 65 $\frac{1}{2}$	0.58 $\frac{1}{2}$
File ..	0 42	0.27 $\frac{1}{2}$	0.24	0.20 $\frac{1}{2}$
Fork 3-tined ...	0 90 $\frac{1}{2}$	0.56 $\frac{1}{2}$	0 52 $\frac{1}{2}$	0.46 $\frac{1}{2}$
Flannel, yard ..	0.70	0.30 $\frac{1}{2}$	0.37 $\frac{1}{2}$	0 34 $\frac{1}{2}$
Fruit Cans, per dozen ..	3 00	0.72	0.65	0.54 $\frac{1}{2}$
Gingham, yard ..	0.22 $\frac{1}{2}$	0.10 $\frac{1}{2}$	0.10 $\frac{1}{2}$	0.08 $\frac{1}{2}$
Hand Saw ...	2.43 $\frac{1}{2}$	1 62 $\frac{1}{2}$	0.53	1.39
Hoe ...	0 85	0.48 $\frac{1}{2}$	0.43	0.37 $\frac{1}{2}$
Hemp Rope, lb.	0.21	0.14	0.14 $\frac{1}{2}$	0 11 $\frac{1}{2}$
Linen, yard ..	0.83	0 48 $\frac{1}{2}$	0.47	0.42 $\frac{1}{2}$
Mowing Machine ..	121.15	56.98	52 60	47.10
Nails, Wire, lb. ..	—	0.05	0.04 $\frac{1}{2}$	0.03 $\frac{1}{2}$
Nails, Iron, lb.	0 08 $\frac{1}{2}$	0.03 $\frac{1}{2}$	0.03 $\frac{1}{2}$	0.03
Oilcloth, yard ..	0.84	0.38	0.35 $\frac{1}{2}$	0 31
Overalls ...	1 20 $\frac{1}{2}$	0.83 $\frac{1}{2}$	0.79 $\frac{1}{2}$	0.70 $\frac{1}{2}$

Articles.	1857.	Oct. 1889.	Oct. 1890.	Sept. 1891.
	\$	\$	\$	\$
Pearl Bottons, dozen	0.22½	0 11½	0.11¾	0.13¾
Pins, Paper ..	0.11½	0.06¾	0 06½	0.05¾
Plough	20.12½	14.37½	13.93½	12.90
Rake, Horse .	41.25	22 56½	21.24½	19.40¾
Reaper & Binder	247.85	142.36	129.85	115.95
Rubber Boots	4.83½	3.10¾	3.00	2.73¾
Salt, lb.	2.30	1. 75	1.65	1.38
Shoes	5.84	3 45	3 15	3.06
Sheeting, yard	0.12¾	0.08	0 07¾	0.06¾
Shovel	1.47	0.97¾	0 93¾	0.80½
Spade	1 44½	0.96¾	0.95¾	0.84
Starch, lb. .	0.13½	0.09¾	0 09¾	0.09½
Straw Hat, good.	1.75	1.28	1 25	1.10
Straw Hat, common.	0.44	0.31	0.28	0.23½
Sugar, lb., granulated .	0.19½	0.09¾	0 09½	0.05½
Sugar, lb., brown ..	0 16½	0.08½	0.08	0.04½
Sugar Bowl ..	0.61	0.38½	0 37½	0 32½
Scythe	1.22	0.85½	0 74½	0.68¾
Tin Dipper ..	0.25	0.12½	0.11½	0.10 ½
Tin Milk Pail	0.75½	0.46¾	0.43½	0 39¾
Tin Milk Pain ..	0.37½	0.18½	0 17½	0.15½
Ticking, yard	0 35½	0 20	0.18¾	0.17
Waggon	130.00	95.00	90.00	75.00
Washboard	0 41	0.24½	0.24	0.22¾
Washtub	1.20	0.70½	0.65	0.65
Wheelbarrow	2.23	1.65	1.60	1.40
Wooden Pails .	0.45	0.24½	0 22	0.20½
Woollen Clothing	24 00	16.75	14.50	14.25

APPENDIX. No. II.

PERIODS OF STRICT PROTECTION HAVE BEEN MARKED BY ACTIVITY OF TRADE AND GENERAL PROSPERITY WHILST PERIODS OF RELAXATION OF THAT POLICY HAVE BEEN MARKED BY DEPRESSION IN TRADE AND DISTRESS.

In 1789 the policy of protective duties in the United States was affirmed, and between 1789 and 1822 additional Acts were passed, increasing the rates of duty. The country enjoyed remarkable prosperity during that period. Washington in his message of 1795 said —

“Our agriculture, commerce and manufactures are prospering beyond former example with burdens so light as scarcely to be perceived.”

In 1801 Jefferson congratulated the Congress on the revenue derived from tariff duties, and he suggested that they might safely dispense with all internal taxes, and in 1807 he was able to advise Congress of a heavy surplus of 14,000,000 dollars in the Revenue. In 1812 existing duties were doubled and ten per cent was added to all imported articles. Under this policy the United States made wonderful progress in the development of their industries; and inspite of their three year's war with England, were richer at the close of the war than before. In 1816 a free trade policy prevailed, and Mr. Clay, Speaker of the House in 1823-24 said —

“The general distress which pervades the whole country is forced upon us by numerous facts of the most incontestable character, it is most painful for me to dwell upon the gloom of this picture, but I have exaggerated nothing. Perfect fidelity to the original would have authorized me to throw on deeper and darker hues.”

In 1824 protective duties were again imposed, and the prosperity that followed the imposition of these tariffs encouraged the legislature to increase them in 1828. Mr. Clay in a speech in the United States in 1832 said —

“If I were to select any term here of 7 years, since the adoption of the present Constitution, which exhibited a scene of the most wide spread dismay and desolation it will be exactly that term of 7 years which immediately preceded the establishment of the tariff in 1824. If the term of 7 years were to be selected of the greatest prosperity which this people have enjoyed, since the establishment of their present Constitution, it will be exactly that period of 7 years which immediately followed the passage of the tariff of 1824.”

In 1833 an Act reducing the duties was followed by a period of disaster' but under the Protective Tariff of 1842 the prosperity of the country revived and was followed by an almost phenomenal increase in all industries of the country. In 1846 Party Politics again prevailed, and the Free Trade Tariff was enacted, but evil results were obscured for a time by the great progress in railways, steam navigation and other conditions, which imparted to Free Trade in England a fictitious prestige for results unfairly claimed as its work.

In 1852, President Filmore in his message to Congress said: "Our manufactures are broken down, thousands of homes and industrious citizens are thrown out of employment, and the farmers deprived of a home market for their surplus products." In 1857, President Buchanan said.—"with unsurpassed plenty in all the elements of National wealth our manufactures are suspended, our public works are retarded, and private enterprises of different kinds are abandoned. Thousands of useful labourers are thrown out of employment and are reduced to want." In 1861 the "Morill" Protective Tariff was introduced and in spite of the sudden outburst of the great Civil War, and all the evils that accompanied it, including the Industrial paralysis of the Eleven seceded States, the country was enabled to sustain itself, to revive, and to increase in an extraordinary degree its manufacturing industries. In 1891 the McKinley Tariff was enacted, it was simply a modification of the strict policy of protection, which commencing with the "Morill" Tariff in 1861 had been pursued with eminent success. It was a very carefully considered Act, and embraced the more stringent policy of protection for those industries which required development. It met with great opposition and our English Statesmen in general prophesied utter ruin to the United States from its adoption. It has, however, been a complete success, but in 1892, under the Free Trade Administration of President Cleveland, the "Wilson Gorman (or) proposed Tariff" was passed, neutralising to some extent the McKinley Tariff. The activity of trade was somewhat checked by this change, but in 1896 Mr. McKinley was elected President, and in 1897 the "Dingley Protective Tariff" came into effect with unprecedented prosperity, and although it is the contention of Free Traders that Protection will kill an Export Trade, it is a fact that the export of manufactures from the United States has increased within the last eight years from £44,800,000 to £82,600,000 under its policy of protection.

APPENDIX. No. III.

THE BRITISH FISCAL POLICY OF "FREE TRADE" IS OPPOSED TO POLITICAL ECONOMY

TO THE EDITOR OF THE DAILY NEWS.

SIR GULFORD MOLESWORTH ON FREE TRADE.

Sir,—In your review of my unpretending booklet, 'Our Empire under Protection and Free Trade,' you say .

It is difficult to argue with a writer who clings in this way to doctrines which belong to the dark ages of economic science. We can only recommend the author to devote a little study to the 'Wealth of Nations' and to the writings of Frederick Bastiat.

I may state that I have not only studied those works, but have quoted freely from them in support of my arguments in the 'British Jugernath,' which I published 19 years ago. Referring to the second edition of that work, I find quotations from Adam Smith's 'Wealth of Nations' (at pages 9, 10, 11, 21, 24, 43, 46, 51, 52, 53, 54, 55 and 57), and from Bastiat (at pages 23, 58, 59, and 76), the quotation at 23 showing how Bastiat has misled his followers by false predictions.

Modern economists, and especially the later school of German economists look upon the Manchester School of economics as belonging to third pages, and scornfully repudiate it as "Manchesterthum" and "Smithianismus."

I fear that your reviewer has not studied the books he recommends to my notice; otherwise he would never have ignored the following sentences, which occur in Adam Smith's 'Wealth of Nations,' and which to a great extent support the views I have advocated.

If the free importation of foreign manufactures were permitted, several of the home manufactures would probably suffer, and some of them perhaps go to ruin altogether.—Wealth of Nations, Book IV. Cap. 11.

It will generally be advantageous to lay some burden on the foreigner, for the encouragement of domestic industry, when some tax is imposed at home upon the produce of the latter.

In this case it seems reasonable that an equal tax should be imposed upon the like produce of the former. . . .

It may sometimes be a matter of deliberation how far it is proper to continue the free importation of foreign goods when some foreign nation restricts by high duties or prohibitions importation of some of our manufactures into their country.—Wealth of Nations, Book IV. Cap. 2.

I would recommend to your reviewer's notice the following quotations from Mill

The only mode by which a country can save itself from being a loser by the revenue duties imposed by other countries on its commodities is to impose corresponding duties on theirs—Principles of Political Economy, by John Stuart Mill Book IV

Yours, &c.

GUILFORD L. MOLESWORTH.

The Manor House, Bexley

July 2nd, 1902.

[Our reviewer, who has seen the above letter, says "Free-traders are not concerned to deny that the sudden adoption of Free Trade by a country so given up to an artificial system as Great Britain was in Adam Smith's time would probably have entailed disagreeable consequences upon those who were then basking in the sunshine of a protective system at the expense of their fellow-countrymen. Neither do they deny that when a tax is imposed upon some home product it is reasonable that an equal tax should be laid upon a like product imported from abroad, and *vice versa*. On the contrary, their chief objection to Sir Michael Hicks-Beach's corn tax is based upon this very doctrine. The passage which Sir Guilford Molesworth quotes from Mill's 'Principles of Political Economy,' does not occur in 'Book IV.,' as he says, but in Chapter IV. of Book V. (Section 6). If the reader will turn to it he will find that it is accompanied by limitations which render it practically valueless for the purposes of the advocates of Protection. It is well known that Mr. Mill has occasionally granted more to his opponents than his disciples approve: but to claim his authority on that ground on behalf of your correspondent's book, which is full of economic heresies, would be absurd."]

To the Editor of the Daily News.

Sir,—With reference to the remarks of your reviewer on my letter which was published in your issue of yesterday, permit me to point out that the ruin of some of our manufactures, which Adam Smith predicted as the probable result of the free import of foreign manufactures, was by no means "sudden." It was very gradual, and was only complete after we had for years been 'basking in the sunshine' (to use your reviewer's words) of Free trade. The reason why that ruin was gradual has been fully explained in my booklet.

It is true that Adam Smith did not include our agricultural industry in the same category with our manufactures, but that was upon a false assumption; for, as he has explained—

Even the free import of foreign corn could very little affect the interest of the farmers of Great Britain . . . The average quantity imported

one year with another, amounts only . . . to 23,728 quarters of all sorts of grain . . . So it is probable that one year with another, less would be imported than at present. (Book IV, c. 11.)

Now the actual import in the year 1900, in round numbers, amounted to 42,000,000 quarters. Can any unprejudiced man doubt that Adam Smith would have predicted the ruin which has unfortunately fallen upon our agriculture, if he could have had any conception that the actual import could be nearly 1800 times as much as that on which he based his conclusion, that the free import of so small a quantity would '*very little affect the farming interest*' ?

With regard to Adam Smith's opinion, that

It will generally be advantageous to lay some burden on the foreigner for the encouragement of domestic industry when some tax is imposed on the home produce, your reviewer infers that this is inapplicable to corn because there is no direct tax upon it, but he forgets that the English grower is burdened with taxation of the most crushing character, which the foreign grower evades.

Your reviewer is mistaken in stating that Mill's advocacy of the imposition of revenue duties corresponding to those of other countries "is accompanied by limitations which render it practically valueless for the purposes of the advocates of Protection."

The only limitation is this —

Only it must take care that those duties be not so high as to exceed all that remains of the advantage of trade, and put an end to importation altogether.

Surely this limitation does not render it valueless to the advocate of Protection—it is exactly what he would desire. The advocate *protection* is not to advocate *prohibition*; and the object of Protection is not to prevent imports, but to place the industries of a country on a fair footing with those of other countries.

I fear that my booklet must plead guilty to the reviewer's charge of being full of "economic heresies" but my faith is not of the stalwart character of the Free Trader's—that faith which has been defined by a Sunday School girl as "*Faith is believing that which we know to be untrue.*"

GUILFORD, L. MOLESWORTH.

THE MANOR HOUSE BEXLEY, KENT.

July 8th, 1902.

APPENDIX. No. IV.

FACTS FOR FISCAL REFORMERS

Compiled for the Working Men of Birmingham in 1907

BY SIR GUILFORD MOLESWORTH, M.C.I.E.

1. Extremes are injurious.
2. Unlimited free import is one extreme, prohibitive tariffs the other, protective tariffs the practical mean.
3. It is a fallacy to suppose that a tariff must necessarily raise the price of the article taxed.
4. A general rule, when an article is, or can be, produced at home a tariff, *if it be not prohibitive* stimulates production, promotes internal competition, prevents a permanent increase of prices, and in many cases eventually decreases the cost to the consumers.
5. When, however, an article is not of home production such as tea, coffee, cocoa, tobacco, wines, etc, the tariff naturally increases the price.
6. A tariff on a competing import is frequently paid by the foreign producer, and does not fall on the consumer.
7. Experience has shown that the imposition of a tariff is frequently followed by a fall in the price of the article taxed.
8. It sometimes happens even that the anticipation of a tariff causes a fall in the price.
9. The imposition of a tariff frequently kills a foreign monopoly, or enables a new industry to arise.
10. Unrestricted foreign competition often prevents the establishment of a new home industry, or crushes out an existing one.
11. Even when a tariff raises prices, it adds to the revenue and saves other taxation.
12. Direct taxation of capital and profits is a burden on our industries and re-acts on the working classes by reduction of wages and employment.
13. Industries burdened by direct taxation are at a disadvantage in competition with those foreign industries which do not share that burden.
14. Indirect taxation (derived from tariffs) is in many cases no burden.
15. The term "Free Trade" (Libre Exchange), as explained by economists, means the free exchange of commodities between nations, which England has never had, and has no signs of ever having.
16. We have no free import for our productions to any country, not even to our self-governing colonies.

17. We have thrown away our bargaining power with foreign countries by abolishing our tariffs on competing products, and have handicapped our trading relations with our Colonies.

18. We admit, free of duty those articles which compete with our industries, but tax those which do not compete.

19. We impose taxation in a form which must fall solely on our own people, but remit it when any portion, if not the whole, is likely to fall on the foreigner using our markets.

20. The "big and little loaf" of Free Trade is only a delusive electioneering fiction, and the cry of seeking to "tax the poor man's loaf" an absurdity since the loaf produced at home is already taxed to the hilt.

21. The influence of the price of wheat on the price of bread is generally exaggerated, no account being taken of the fact that the retail price of the loaf includes many more items than the wheat itself, namely, the labour employed in the milling the baking, and the distribution, besides the profits of the middlemen and employes at each stage, the rent of premises, and so forth, which do not vary with the price of wheat.

22. Our dependence on foreign nations for wheat supplies tends in war time to raise prices to famine rates. During the Crimean War the price of wheat was higher under free imports than it had been under the Corn Laws since 1818, the average price for the year 1855 being 74s. 8d. per quarter.

23. The price of wheat is less affected by tariffs than by the general level of the world's prices.

24. A tariff does not, as a rule, raise the price of wheat, provided that the duty be not so high as to be prohibitive or nearly so; but the present prohibitive duty 12s. 2d. per quarter in France, when the outside price is only 27s. or 28s., necessarily raises the price.

25. The price of wheat in Protectionist countries is not necessarily higher than in free-trade England; in some cases it is lower. Bodio's analysis of the price of wheat in the principal markets of Europe for the average of 16 years 1869-84, shews that the price in Brussels and Paris was 3 per cent. higher than in London, but in Amsterdam it was 1 per cent. lower than in London; in Rome 3 per cent. lower; in Berlin 10 per cent. lower; in Budapesth 14 per cent. lower; and in Vienna 25 per cent. lower than in London.

26. The repeal of the Corn Laws in 1765 was followed by a rise in the price of wheat from 33s. 3d. (the average of ten years preceeding the Repeal) to 50s. 5d. for the average of the ten years succeeding their repeal.

27. During the French War (period 1809-13, prior to the enactment of the 1815 Corn Laws) the average price of wheat rose to 107s. under Free import.

28. After the enactment of the Corn Laws in 1815 the average price fell gradually so that in the three years 1843-45 preceeding the Repeal of the Corn Laws, the average price was 50s 9d. per quarter.

29. The average price of wheat for the three years preceding the Repeal of the Corn Laws in 1846 was slightly lower than the average of thirty years succeeding their Repeal.

30. The present low price of wheat is mainly consequent upon the diminished cost of transport by steamers and railways and improved processes of agriculture, but should we be engaged in war with strong maritime powers, there would be the utmost risk of famine prices.

31. The distress in 1840-42, which gave rise to the Anti-Corn Law agitation, was not due to dear bread, but to a temporary monetary crisis caused by a sudden drain of gold to the United States.

32. The average price of wheat for the five years preceeding the Repeal in 1846 was almost lowest that had been touched during the half century 1840-50.

33. The re-imposition of the registration Corn Tax in 1902 did not rise the price of wheat, but after the remission of the Tax in 1903 the price of wheat and flour rose.

34. We enjoyed extraordinary prosperity and acquired our commercial and industrial superiority, as well as our position as the Capitalist nation of the world, under a policy of strict Protection.

35. We are losing these advantages under the so-called policy of Free Trade.

36. In the United States the periods of protective tariffs have uniformly been marked with prosperity, and the periods following their several repeals have been marked by depression and distress.

37. The prosperity which we enjoyed in the "fifties," although unfairly claimed as the work of Free Trade, was due to other causes, namely, gold discoveries, inventions and science, steam navigation, railways, etc., which have been shared by foreign nations.

38. Having laid the foundations of our industrial prosperity under Protection, and having thereby secured the command of the world's markets, we were not merely the first, but the only country able to utilise these new forces that then came into play.

39. For more than twenty years fortuitious events, such as the Crimean War in the "fifties," Civil War in the United States, and Continental disturbances in Europe in the "sixties" and early "seventies," retarded the progress of foreign nations.

40. As soon as foreign Protectionist nations were able to avail themselves of the new industrial conditions, they successfully competed with us even in our own markets, and our country is flooded with the production of the very nations which we formerly supplied.

41 Since that time most of our industries have either been ruined or have struggled hard for existence.

42 Our Colonies are also becoming more and more Protectionist, and are flourishing under that policy, and Canada and our South African possessions are able to give the Mother Country preferential treatment and to their honour do so as yet without reciprocity on our part.

43 Many of our best workmen have emigrated to the United States where they obtain higher remuneration for their labour.

44 The capital recklessly expended by us in purchasing abroad that which might have been produced at home has armed Protectionist nations with the sinews of war in competition with us

45 Instead of fostering our own industries and providing employment for our working classes, we purchased from the foreigner in 1901 produce to the value of £416,000,000, much of which we could well have produced ourselves or in our Colonies. The value of exports to those nations in return was only £175,000,000

46 Canada is being thrown into the arms of the United States by our policy and our refusal to respond to her advances for reciprocal trade.

47 We are constantly raising our direct taxes, while the United States lower theirs.

48 Since 1868 our direct Imperial taxation has increased from £19,000,000 to £59,000,000, and our direct local taxation by rates from £20,000,000 to £40,000,000.

49 The cost of food and the necessaries of life is not less in England than in Protectionist countries.

50 The wages in Protectionist America are, in the majority of cases, nearly double those prevailing in our "Free Trade" country.

51 The prophecies which induced our people to adopt Free Trade have proved to be false.

52 We stand alone, excepting Denmark, as "Free-Traders" amongst civilised nations, and Free Trade is now recognised as either all British or a savage custom.

53 The predictions of ruin to those countries which have adopted Protection have altogether failed.

54 The volume of commerce is no criterion of the prosperity of our industries

55 The excess of £241,000,000 per annum of our foreign imports over our foreign exports show that we are consuming more than we produce, we are living, to a great extent, on the interest of that capital which we have gained in former days of prosperity.

56 We have of late years been parting largely with our foreign securities in payment to Protectionist nations.

57. Much of our import consists of food which is absolutely consumed. Much of our export consists of our national assets of coal and mineral wealth which cannot be replaced.

58. Since the passing of the McKinley Bill in 1891, which the Free Trade apologists prophesied would ruin the United States, the industries of that country have developed by leaps and bounds.

59. The special exports of the United States increased in 1898 by £70,000,000 when compared with 1890, while those of the United Kingdom decreased by £30,000,000.

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The Effect of Import Duties on Industrial Development.

BY SIR GUILFORD MOLESWORTH, K. C. I. E.

In a paper read before the Benares Industrial Conference on the "Industrial Development of India" in 1905, I drew attention to the manner in which the Industrial interests of India had been sacrificed to the English Fiscal Policy, and I advocated the adoption of a policy of moderate and carefully considered import duties to relieve the dead weight of taxation from the land and to prevent the crushing of India's industries, by unfair and unrestricted foreign competition.

I regret that more attention was not devoted to this subject by Members of the Conference, because I am convinced that unless some such policy be adopted it will be impossible to develop the vast industrial resources of India. It is difficult to exaggerate the importance of this question. I was glad to see that Mr. Dutt in his Presidential address said:—

"We will not see our country made a land of raw produce or a dumping ground for the manufactures of all nations."

The Swadeshi movement is a step in the right direction, but I fear it will prove a failure unless it is backed up by a policy of fiscal reform. It must necessarily be limited in action, confined as it will be to a comparatively small number of the educated and patriotic classes of India, but it cannot reach the masses and consequently can produce no practical results unless combined with the policy of import duty.

In my previous paper I have already alluded to the causes which have given an undue prestige to the fiscal policy prevailing in Great Britain for which the term "Free Trade" is a misnomer. I have also briefly alluded to the fact that British industrial supremacy was established under a policy of strict

protection Under that policy she developed her manufactures and had a complete monopoly of them. She had control of all the markets of the world, and became greatest capitalist nation Alison in his "History of Europe" wrote.—

"There is perhaps no example in the annals of mankind of a nation having made such advances in industry, wealth and numbers, as Great Britain has made since the peace. In the 30 years that have elapsed since the Battle of Waterloo, during which it has enjoyed in Europe at least almost uninterrupted peace, its population has increased more than one-half, having advanced from 18,500,000 to 28,000,000. Its imports have doubled, having risen from £32,000,000 to £70,000,000, its exports have more than tripled, having swelled from £42,000,000 to £130,000,000, exclusive of Colonial produce, its shipping has doubled, having grown from 2,500,000 to 5,000,000 tons.... During the same period the agricultural industry of the country has been so far from falling short of this prodigious increase in its commercial transactions that it has signally prospered. The dependence of the nation on foreign supplies has steadily diminished until the grain annually imported had come (on an average of 5 years ending with 1835) to be no more than a 200th part in average years of the annual consumption, and the prodigy was exhibited of a rural industry in an old state, possessing a narrow and long cultivated territory, not only keeping pace with but outstripping an increase of numbers and augmentation of food required for the purpose of luxury unparalleled in any age." Alison "History of Europe" Chap XCV 66.

It should be noted that during this period the British trade was in a far more healthy character than at present, for at the end of this period in 1846 we had a *favourable* balance of trade amounting to £66,000,000, whereas we have now an *adverse* balance of £180,000,000. It must also be remembered that during this period there were but few railways and scarcely any steam navigation. It was only at the end of this period that the great railway mania set in.

It was about 1835 that an extraordinary era of prosperity sprang up throughout the whole civilised world tending to an enormous increase in the wealth of the world. This was due to numerous improvements in arts, sciences and inventions, as well as to improved communications by railways, steam navigation and telegraphs, which made such rapid strides during

the second quarter of the 19th century. England was the great pioneer in these improvements, then came the great rush of gold from California and Australia causing an expansion of the currency of the world, a condition which is always accompanied by increased activity of trade. Foreign nations shared this prosperity as well as ourselves, but England was in a better position than any other nation to reap the advantages of this altered condition of affairs. As already stated she had the markets of the world in her hands, she had developed her coal, her iron and her textile industries under the policy of strict protection ; and had complete monopoly of them. She not only supplied manufactures and machinery for the whole world, but as the great capitalist nation she furnished funds for every public work abroad with the understanding that plant of every description should be supplied from England. The value of her investments increased enormously with the rapid development of the countries in which they had been invested, and she has been enabled constantly to reinvest the produce of these investments, so that her wealth as a capitalist has become enormous and must now amount to many thousand millions sterling.

The English people, generally satisfied with this rush of prosperity and wealth, accepted without enquiry the persistent claims of the advocates of Free Trade for this result, and this idea has been so thoroughly engrained into the English mind that those who venture to question it have been thought to be men beyond the reach of argument, and policy of Free Trade has become a sort of fetish or religion not to be questioned.

The year 1846, in which our present Fiscal policy was adopted opened auspiciously. In January 1846 the Queen's speech assured Parliament of :—

"The prosperous state of the realm, the increased demand for labour and the general improvement that had taken place in the internal condition of the country."

Shortly afterwards the leading bankers and merchants of the City of London thought it right to state :—

"For the information of Parliament that the commercial and manufactur-

ing interests had been for some time in a state of great activity and prosperity."

The month of May in the same year witnessed the passing of the Act which formed the first step in our Free Trade policy. In vain it was urged that it would throw land out of cultivation, that it would involve dangerous dependence on foreign supplies, and heavy taxation on England's industries, as well as ruinous competition. For many years England did not feel the blighting effects of Free Trade. She had a good start in the race and it would naturally take years for other nations to overtake her but the capital which she recklessly expended in purchasing abroad commodities which might have been produced at home, gradually armed other nations with funds for successful competition with her. It was not until after 20 or 25 years that the effects of her policy began to be felt. The situation had to some extent been saved by the partial restriction of unlimited free imports in consequence of the Crimean and the American Civil war. Our agriculture being more heavily burdened than any other industry was the first to suffer and has been practically ruined, millions of acres having gone out of cultivation, lapsed into weedy pasture and large number of our manufacturing industries have been crushed out by unlimited foreign competition.

Mr Carnegie in a speech at St. Andrew's has declared that the United States, under a policy of strict protection, has now taken the foremost place in wealth, production, and exports. Germany under a similar policy is rapidly overtaking us, and Mr. Carnegie thought that before long Russia would press us hardily, and this probably would have been the case but for her War with Japan and her internal troubles.

But what is the cause of this loss of industrial and commercial supremacy? It is simply due to our own folly in failing to foster a reciprocal trade with India and our Colonies. The British Empire has a huge area of 12,000,000 sq. miles, comprising enormous, but undeveloped, wealth, whether mineral or

agricultural. It has climates of every gradation from the cold to the tropical, capable of providing every variety of produce. It has population of nearly 400, 000, 000 and labour of every description, in many parts absurdly cheap. If it had been properly fostered it ought to have furnished a magnificent market, which would have rendered us independent of foreign trade and enabled us to have surpassed the United States in a greater measure than that in which she is now surpassing us. The undeveloped state of our Empire is a disgrace to Great Britain, we have not merely failed to foster its resources, but on the contrary we have handicapped our subjects in every way and allowed the foreigner advantages which our own subjects do not possess. The foreigner who uses our own Colonies and Dependencies as freely as our own subjects, contributes nothing to the cost of our Home Government or the Army and Navy which protects his interests, if he has not a domicile in England; yet he reaps all the advantages of an English farm while he evades the heavy taxes and burdens which the British subjects have to pay. It is absurd to suppose that such an unequal competition can be maintained. After securing new markets at great cost in blood and treasure, we foolishly allow any foreigner to reap the benefit at our expense and to our detriment. We now expend more than £400, 000, 000 a year in purchasing from the foreigner much which under a wise policy might have been supplied within our own Empire and in doing so the money is not only lost to our own subjects but it is mischievously employed in furnishing the foreigner with capital for successful competition with us, and while we admit the manufactures and products of foreign nations free of import duty, they close their doors to us with heavy tariffs.

The time has now arrived when we must decide whether we shall maintain our vast Empire or allow its gradual disintegration. Our Colonies have expressed a desire to enter into reciprocal relations with us on basis of preferential treatment, which would be mutually advantageous, but up to the present

time their advances have been treated with contempt. Shall we foster its industries and develop its enormous resources, or shall we allow the slow process of neglect to complete the work of commercial disintegration and ruin? Shall we again neglect the plain teaching of history and repeat that gigantic folly, by which we lost our American Colonies, which with all her wealth ought to have been ours but for our short sighted policy in the criminal neglect of their interest and our own?

The incidence of taxation is one of the most difficult problems in Political Economy. It has been assumed by many of the followers of Cobden that a tariff must necessarily raise the prices of the articles taxed. To shallow thinkers the paradox of prices falling after the imposition of the import duty is incomprehensible, but to those who have carefully studied the matter, it is evident that there are other factors in the problem which may act *indirectly* in counteracting the *direct* tendency of the tax. No doubt in some cases the imposition of a tariff does increase the price, but experience proves, as will be shewn hereafter, that in the majority of cases it does not have that effect. Some times it raises the price temporarily with the result that it falls again, sometimes it has immediate effect in lowering prices by destroying a foreign monopoly or stimulating the development of a home industry, sometimes it happens that the anticipation of a tariff causes a fall of price, because the foreign producer, knowing that the tax will come from his own profits pushes through his surplus stock at a sacrifice so as to save the tax before the tariff law can come into operation. This was especially the case before the MacKinley Act came into effect.

It may perhaps be laid down as a general axiom, subject of course to modifying influences, that when an article is or can be produced at home a tariff, if it be not prohibitive stimulates production, and does not raise the price, the tax being paid by the foreign producer, but when an article is not of home production, such as tea, coffee, cocoa, tobacco, wines etc.

the tariff increases the price and the tax falls on the consumer. The practical effect of English Fiscal policy is, that we admit free of duty those articles which compete with our own industries and tax those articles which do not. We remit the tax which should be paid by the foreign producer, whilst we exact that which falls upon our own subjects.

In the year 1896 Mr. A. Williamson, being convinced that the duty, on any article which had to encounter competition of a home product fell upon the foreign producer and not upon the consumer, challenged the Cobden Club, in order to test this question, to issue a short circular to the chief exporters of Great Britain asking their experience. As the challenge was declined, Mr. Williamson set a circular to a large number of representative exporters of our chief manufacturing centres, embracing cotton, woollen, carpet, iron and steel, brass, gold, silver, electro-plate, hardware, guns, cycles, engineering, glass, India rubber and other industries. Out of 531 replies 530 admitted that the *incidents of taxation fell upon them and not upon the consumer*. The only dissenting reply was from an American Cycle exporter, who had recently opened business in Coventry.

(A few Examples, proving that the imposition of tariff does not necessarily raise prices are given in Appendix No. 1)

In no case is the proverb "Fallacies die hard" more strongly exemplified than in the case of that mischievous and dishonest appeal to the ignorance of the masses, the electioneering cry of "Taxing the poor man's bread". In many letters discussing Mr. Chamberlain's proposals regarding the trade of the Empire, it is too often assumed that a tax on wheat must necessarily increase the cost of bread. Now this is absolutely contrary to facts and past experience.

The price of wheat is generally regulated by that which may be termed the "World's level of prices"—a level which is due to the general conditions of exchange, currency, transport and production. Tariffs in their *direct* action have but little

influence on prices *unless they are almost prohibitory*. Under a well regulated system of Import Duties, there is an action tending towards the equalisation of prices in different Countries; and this is maintained by constant telegraphic communication of brokers with the principal markets of the world. A few examples will suffice. The Committee of the Belgian House of Representatives in their report of 1886 stated that, on several occasions on which Import Duties were imposed upon wheat, the price thereafter fell, and when the duty was abolished it rose except in one instance. Again in a Consular report dated 14th of May 1883, Sir E. Malet wrote :—

"Eight years' experience has shewn that the higher duties introduced in 1879 have been attended with the most successful results fiscally....They failed to raise the price of wheat, prices had fallen instead of rising."

Again Mr. Vansittart, Consul at Wurtemberg, reported in 1818 —

"Since the addition of the duties all kinds of grain were cheaper than ever."

In 1888 the duty on wheat in Italy was raised from 1 franc per quintal to 4 francs, or about 7/6 per quarter. Practically it may be said that the price of bread remained almost unchanged, the tendency having been rather to a fall than a rise in price, although large imports of foreign wheat poured into Italy. Similar results ensued in Germany in 1892 when the duty was raised 400 per cent and the price of wheat fell 9 per cent. Also in France in 1895 when the duty was raised, the price of bread fell 7 per cent. In all these cases it is evident the burden of taxation fell upon the foreign producer, not on the consumer. In the Colony of Victoria in 1888, under an Import Duty of 9/6 per qr. on wheat, bread was cheaper than in New South Wales which admitted wheat duty free, the reason being that the Victorian farmer was protected from an undue influx of foreign surplus, and was consequently able, not only to grow wheat with confidence but owing to the reduction of other taxation, caused by the revenue derived from foreign imports, he was in a position to grow wheat at a cheaper rate. The internal

competition was thereby stimulated to an extent which tended to a fall rather than a rise in price.

Of course if a duty be prohibitive (as was the case in which France imposed a duty of more 12/- a qr. on wheat when the outside world's price was as low as 27/-,) the price must necessarily rise in times when the home crop happens to be scanty.

The development of the Tin plate industry in the United States affords a valuable example of the manner in which an industry may be developed by the policy which I have advocated. Before 1891 there was an import duty of 1 cent per lb. on Tin plates. This was found to be insufficient to develop the industry; as the British manufacturers dumped down, in the United States, their surplus plates, and ruined the struggling industry. It was therefore determined to increase the duty. President McKinley in reply to the Free Traders' argument said —

"They insist that we cannot make tin plates; so they said about steel rails, so they said about plate glass, and cutlery and pottery."

All these industries and many others had been developed by the means of import duties. The duty was therefore raised from 1 cent to 2.2 cents per lb. This, according to a Free Trader's contention should have raised the price of tin plates in the United States from 3 to 4.2 cents, but on the contrary, as the industry developed the price fell from 3 to 2.2 cents in 1898, and the development of the tin plate industry has been a complete success. The production of tin plates in the United States has increased from 1,000 tons in 1891 (the year in which the McKinley Act took effect) to 412,000 tons in 1902. During this period the value of imported tin plates amounted to 1,492,000 dollars paying duty, but subject to a draw back of 99 per cent if exported in a manufactured form.

The United States Census of 1900 shows that there has been an increase of 10.4 per cent in the number of fruit and vegetable canning establishments since 1890—an increase of 73 per cent in the amount of wages paid in the same industry, 101 per cent increase in the cost of fruit and vegetables canned,

and 89 per cent increase in the value of the completed product. The average cost of tin plates for 11 years after the McKinley Tariff was imposed has been 2 65 as against 3 cents per lb. in the years 1890-91. When the tariff was first imposed the cost of tin plates, instead of rising, steadily fell, although there was a large import the foreigner paying duty. The great development of the canning industry and the consequent demand for tin plates has tended to a temporary rise in the prices, and this was increased by the great coal strike, as well as by the strike in tin plate operatives who obtained a rise in their wages ; but the average price of 1902 was not higher than in 1891.

Now to sum up the results :—

- (1) The industry of Canning fruit and vegetables has largely increased.
- (2) The amount paid in wages has also increased.
- (3) The amount of fruit and vegetables used for canning has increased.
- (4) The Tin plate industry has been successfully developed and the Welsh monopoly broken up.
- (5) Capital has been largely attracted to the United States.
- (6) There has been a large increase to the revenue from duty.
- (7) The cost of the tin plates has been reduced to the consumer.
- (8) The wages of the tin plate operatives have been raised.
- (9) The payment which formerly went abroad for tin plates now circulates through the wage earners amongst retail traders and gives additional employment to the industries allied to the Tin-plate industry, such as the chemical, iron, mining and others.

Sir Lyon Playfair, the Champion of the Cobden Club, was right when he said in condemnation of the McKinley Act.—

"If the Americans be right in principle and if they be successful in practice, the whole of the policy of the United Kingdom is founded on a gigantic error and must lead to our ruin as a commercial nation."

The McKinley Act has proved to have been successful beyond all anticipation, even of its most sanguine supporters

The following incident furnishes an example of the effects of dumping on a struggling industry. In 1846 when the United States were struggling to develop their iron industry, iron rails were sold in the United States for 50 dollars a ton under import duties, but as soon as the tariff was removed, the British manufacturers dumped on the United States market rails at 40 dollars a ton and then, having ruined the struggling industry, raised the price to 70 dollars.

The history of the United States proves that there have been several periods during which, under the influence of economic charlatans, the Government has relaxed its policy of protection. Such periods have been marked by depression of trade and distress, whilst the periods of strict protection have been marked by activity of trade and general prosperity. For details of this see Appendix No. 2.

None of the prophecies of the originators of the policy of Free Trade have been realised. In 1844 Cobden prophesied:—

"In ten years from the time when England inaugurates the glorious era of commercial freedom, every country will be Free Traders to the backbone."

Again he prophesied in 1846:—

"There will not be a tariff in Europe that will not be changed in less than 5 years to follow your example."

More than half a century has elapsed and Free Trade is either an English or a savage custom. Not a single civilized country, except Denmark, has followed our example, but in most countries tariffs are increasing in intensity. Again in 1844 he prophesied that agriculture would flourish under Free Trade, and no interest would receive so much benefit from the Repeal

of the Corn Laws as the farm tenant interest. But our agriculture has been ruined, millions of acres have gone out of cultivation, and both farm tenants and landholders have lost their capital. Property has been constantly changing hands, and freeholds are heavily mortgaged.

I have already pointed out that the British Fiscal Policy of unrestricted foreign imports, though claimed by free traders to be based on the political economy of Adam Smith, is absolutely opposed to it. Adam Smith, in his "Wealth of Nations," rightly directed much argument against "monopolies", "absolute prohibitions", and "high duties" which amounted to a prohibition. He only advocated the free import of foreign corn on the assumption that it would be so small that it "could affect very little the interests of the farmers of Great Britain." Of course he could not have foreseen that steam navigation and railways, which did not exist in his days, would entirely change the conditions of import, and would enable the actual import of foreign corn to be more than two thousand times as great as the quantity on which he based his assumption. He actually predicted the ruin, which has already befallen many of the British manufactures, in the following terms :—

"If the free importation of foreign manufactures were permitted several home manufactures would probably suffer, and some of them perhaps go to *run altogether*."

But, he and Mill advocated the imposition of countervailing duties on those foreign nations which restricted, by high duties or prohibition, the importation of produce into their countries. (See Appendix 3).

In conclusion, I would recommend to the Provincial Committees of the Industrial Conference a careful study of "Facts for Fiscal Reformers", which I compiled four years ago for the information of the working men's Tariff Reform League of Birmingham; (See Appendix 4), and I would suggest that the following Resolution be submitted for the consideration of the next Industrial Conference.

Resolutions.

Resolved.—That this Conference urges on the Government of India :—(1) To inaugurate a carefully considered policy of moderate import duties, which will not only yield a revenue that will relieve the land of the dead weight of taxation, but will also protect the industries of India from unfair and unrestricted foreign competition. (2) To foster International and Inter-Colonial trade by the exchange of mutual Concessions and preferential treatment with the Colonies and Great Britain.

APPENDIX I.

EXAMPLES PROVING THAT THE IMPOSITION OF A TARIFF DOES NOT NECESSARILY RAISE PRICES.

If America had pursued the policy of free imports she could never have developed her manufactures, but would have remained a huge agricultural country, exchanging her agricultural produce for British manufactures. Even as it is she experienced the greatest difficulty in developing her resources. Whenever she attempted to start an industry the British manufacturers killed it, by dumping down upon her a quantity of materials at low prices, and again raising the price as soon as the struggling industry had been ruined. It was only by imposing tariffs that such industries could be developed. But such import duties did not necessarily raise prices. Germany experienced similar difficulties with her iron and steel industries which were swamped by English produce and almost extinguished, until Bismarck infused new life into these moribund industries, by the imposition of heavy import tariffs which have enabled Germany, not only to develop the industry, and compete successfully with us, but even to import into England large quantities of iron and steel rough and manufactured.

The manufacture of steel rails commenced in 1867, at that date steel rails cost 150 dollars per ton; the duty was changed to 28 dollars per ton, and in 1872 the price had fallen to 112 dollars; in 1874 it fell to 49 dollars; in 1876 to 59 dollars; and in 1885 to 27 dollars.

Sir Lyon Playfair the Apologist for the Cobden Club has endeavoured to account for this fall by improved process of manufacture, which of course has some slight share in it, but the only improvement that would very materially cheapen the cost of steel rails is the Bessemer process, which was invented as early as 1855 and was in full use long before the dates above mentioned. The reduction of price is fully accounted for by the fact that between 1868 and 1899 the output of steel rails in the United States increased from 8,618 tons to 2,270,000 tons, whilst the output of the United Kingdom decreased from 1,019,000 tons in 1890 to 838,000 tons in 1899.

The Manager of the Barrow Steel Company stated in evidence before the Royal Commission on Trade depression that in one year, 1884, his Company had paid £160,000 duty to the United States.

Mons. Thiers in his speech of January 22nd 1870 stated that a tariff on Linen and Cotton thread had reduced the price of a kilogram of linen thread from 7 to 3½ francs, and that the price of Cotton Thread had been reduced in similar proportion; the British monopoly having been killed by the tariff.

Under the high protective tariff in the United States, between 1860 and 1883, Cottor hosiery was reduced to nearly one-half the prices prevailing in 1860.

In 1867 a protection duty was imposed on wool. In 1872 there were in the United States 143 looms producing 1,500,000 yards of Brussels tapestry; in 1880 there were 1,070 looms producing 16,950,000 yards, and the price fell from 2.30 dollars in 1872 to 1.50 dollars in 1880 and to 93 cents in 1890.

Mr. Wycoff, United States Census Agent, stated that the average decline in the value of silk goods was not less than 25 per cent probably as much as 50 per cent in 15 years.

Salt under a tariff fell in price from 1 dollar and 80 cents in 1866 to 74 cents in 1882.

Mr. T. Dudley formerly United States Consul at Liverpool, gave the following rates of fall under the protective tariff between 1861 and 1883.

Cotton Goods	...	...	25 per cent.
Woollen Goods, Carpets etc.	...	...	25 do.
Silk	...	...	35 per cent. to 40 per cent.
Crockery	...	...	37 do.

In 1860 the duty on Crockery was 24 per cent. The tariff was increased to 40 per cent, which afterwards raised to 55 per cent, ad valorem, and now many kinds of crockery are sold in the United States at lower rates than in England.

The "American Economist" of October 2nd, 1891, gives the average retail prices of fifty-six articles in common use, at three periods. In the first column is shown prices in 1857, near the close of the last Free Trade of the United States; in the second column are the prices in 1889, a year before the McKinley Bill passed; in the next, or third column, is given the prices of 1890, during the electoral campaign; whilst the last column gives the prices after the passing of the McKinley Act. About four weeks previously a letter was sent to 1400 official correspondents of the American Protective Tariff League, asking them to get these prices from the merchants of the vicinity. The returns have been most complete. In many instances the testimonies of three and four merchants are given. The correspondents did not ask a dealer's politics; they were simply instructed to get actual retail prices as they existed at the periods stated.

Articles.	1857.	Oct. 1889	Oct. 1890	Sept. 1891.
	\$	\$	\$	\$
Axe	1.49	0 95	0 92	0 88
Binding Twine, lb.	—	0.14½	0.14½	0.11
Blankets pair	6 83½	4.23	4 09½	3 70
Blue Shirting, yard	0.17½	0 11½	0.11	0.09½
Boots	4 76	3 27	3.07	2.78½
Calico, yard	0.14½	0.07½	0.06½	0 06
Carpets,*yard	1 30½	0 77½	0 72½	0.66½
Cotton Gloves	0 34½	0.24½	0 22½	0 19½
Cotton Hosiery	0.47	0.25½	0.25½	0.20½
Cotton Knit Goods	0.08	0 52½	0 46½	0.41½
Cotton Thread, spool	0.09½	0.05	0.04½	0 04½
Crowbar, lb	0.11½	0.07½	0.06½	0 06½
Drawing Chains, pair	1.28½	0.71½	0.65½	0.58½
File	0.42	0.27½	0.24	0.20½
Fork 3-tined	0 99½	0.56½	0 52½	0.46½
Flannel, yard	0.70	0.39½	0.37½	0.34½
Fruit Cans, per dozen	3.00	0.72	0.65	0.54½
Gingham, yard	0 22½	0.10½	0.10½	0.08½
Hand Saw	2.43½	1.62½	0.53	1 39
Hoe	0.85	0.48½	0.43	0 37½
Hemp Rope, lb	0.21	0.14	0 14½	0.11½
Linen, yard	0 83	0 48½	0.47	0.42½
Mowing Machine	121.15	56.98	52 60	47.10
Nails, Wire, lb.	—	0 05	0.04½	0.03½
Nails, Iron, lb.	0 08½	0.03½	0.03½	0.03
Oilcloth, yard	0.84	0.38	0.35½	0 31
Overalls	1.20½	0.83½	0.79½	0 70½

Articles.	1857.	Oct. 1889.	Oct. 1890.	Sept 1891.
	\$	\$	\$	\$
Pearl Bottons, dozen	0.22 $\frac{1}{4}$	0.11 $\frac{1}{4}$	0.11 $\frac{1}{4}$	0.13
Pins, Paper	0.11 $\frac{1}{2}$	0.06 $\frac{3}{4}$	0.06 $\frac{1}{2}$	0.05
Plough .. .	20.12 $\frac{1}{2}$	14.37 $\frac{1}{2}$	13.93 $\frac{1}{4}$	12.9
Rake, Horse	41.25	22.56 $\frac{3}{4}$	21.24 $\frac{3}{4}$	19.4
Reaper & Binder	247.85	142.36	129.85	115.
Rubber Boots	4.83 $\frac{1}{2}$	3.10 $\frac{1}{2}$	3.00	2.73
Salt, lb.	2.30	1.75	1.65	1.3
Shoes	5.84	3.45	3.15	3.04
Sheeting, yard	0.12 $\frac{1}{2}$	0.08	0.07 $\frac{1}{2}$	0.06
Shovel	1.47	0.97 $\frac{1}{2}$	0.93 $\frac{1}{2}$	0.8
Spade	1.44 $\frac{1}{2}$	0.96 $\frac{1}{2}$	0.95 $\frac{1}{4}$	0.8
Starch, lb.	0.13 $\frac{1}{2}$	0.09 $\frac{1}{2}$	0.09 $\frac{1}{4}$	0.06
Straw Hat, good.	1.75	1.28	1.25	1.1
Straw Hat, common.	0.44	0.31	0.28	0.2
Sugar, lb., granulated	0.19 $\frac{1}{4}$	0.09 $\frac{1}{2}$	0.09 $\frac{1}{2}$	0.06
Sugar, lb., brown. .. .	0.16 $\frac{1}{2}$	0.08 $\frac{1}{2}$	0.08	0.06
Sugar Bowl	0.61	0.38 $\frac{1}{2}$	0.37 $\frac{1}{2}$	0.3
Scythe .. .	1.22	0.85 $\frac{1}{2}$	0.74 $\frac{1}{2}$	0.6
1 in Dipper .. .	0.25	0.12 $\frac{1}{4}$	0.11 $\frac{1}{2}$	0.1
Tin Milk Pail	0.75 $\frac{1}{2}$	0.46 $\frac{1}{4}$	0.43 $\frac{1}{4}$	0.3
Tin Milk Pain	0.37 $\frac{1}{4}$	0.18 $\frac{1}{2}$	0.17 $\frac{1}{2}$	0.1
Ticking, yard	0.35 $\frac{1}{2}$	0.20	0.18 $\frac{3}{8}$	0.1
Waggon	130.00	95.00	90.00	75.
Washboard	0.41	0.24 $\frac{1}{2}$	0.24	0.2
Washtub	1.20	0.70 $\frac{1}{2}$	0.65	0.5
Wheelbarrow	2.23	1.65	1.60	1.
Wooden Pails	0.45	0.24 $\frac{1}{2}$	0.22	0.1
Woollen Clothing,	24.00	16.75	14.50	12.

APPENDIX. No. II.

PERIODS OF STRICT PROTECTION HAVE BEEN MARKED BY ACTIVITY OF TRADE AND GENERAL PROSPERITY WHILST PERIODS OF RELAXATION OF THAT POLICY HAVE BEEN MARKED BY DEPRESSION IN TRADE AND DISTRESS.

In 1789 the policy of protective duties in the United States was affirmed, and between 1789 and 1822 additional Acts were passed, increasing the rates of duty. The country enjoyed remarkable prosperity during that period. Washington in his message of 1795 said —

“Our agriculture, cominmerce and manufactures are prospering beyond former example with burdens so light as scarcely to be perceived.”

In 1801 Jefferson congratulated the Congress on the revenue derived from tariff duties, and he suggested that they might safely dispense with all internal taxes, and in 1807 he was able to advise Congress of a heavy surplus of 14,000,000 dollars in the Revenue. In 1812 existing duties were doubled and ten per cent was added to all imported articles. Under this policy the United States made wonderful progress in the development of their industries; and inspite of their three year's war with England, were richer at the close of the war than before. In 1816 a free trade policy prevailed, and Mr. Clay, Speaker of the House in 1823-24 said —

“The general distress which pervades the whole country is forced upon us by numerous facts of the most incontestable character, it is most painful for me to dwell upon the gloom of this picture, but I have exaggerated nothing. Perfect fidelity to the original would have authorized me to throw on deeper and darker hues.”

In 1824 protective duties were again imposed, and the prosperity that followed the imposition of these tariffs encouraged the legislature to increase them in 1828. Mr. Clay in a speech in the United States in 1832 said —

“If I were to select any term here of 7 years, since the adoption of the present Constitution, which exhibited a scene of the most wide spread dismay and desolation it will be exactly that term of 7 years which immediately preceded the establishment of the tarriff in 1824. If the term of 7 years were to be selected of the greatest prosperity which this people have enjoyed, since the establishment of their present Constitution, it will be exactly that period of 7 years which immediately followed the passage of the tarriff of 1824.”

In 1833 an Act reducing the duties was followed by a period of disaster but under the Protective Tariff of 1842 the prosperity of the country revived and was followed by an almost phenomenal increase in all industries of the country. In 1846 Party Politics again prevailed, and the Free Trade Tariff was enacted, but evil results were obscured for a time by the great progress in railways, steam navigation and other conditions, which imported to Free Trade in England a fictitious prestige for results unfairly claimed as its work.

In 1852, President Fillmore in his message to Congress said: "Our manufactures are broken down, thousands of homes and industrious citizens are thrown out of employment, and the farmers deprived of a home market for their surplus products." In 1857, President Buchanan said—"with unsurpassed plenty in all the elements of National wealth our manufactures are suspended, our public works are retarded, and private enterprises of different kinds are abandoned. Thousands of useful labourers are thrown out of employment and are reduced to want." In 1861 the "Morrill" Protective Tariff was introduced and in spite of the sudden outburst of the great Civil War, and all the evils that accompanied it, including the Industrial paralysis of the Eleven seceded States, the country was enabled to sustain itself, to revive, and to increase in an extraordinary degree its manufacturing industries. In 1891 the McKinley Tariff was enacted, it was simply a modification of the strict policy of protection which commencing with the "Morrill" Tariff in 1861 had been pursued with eminent success. It was a very carefully considered Act, and embraced the more stringent policy of protection for those industries which required development. It met with great opposition and our English Statesmen in general prophesied utter ruin to the United States from its adoption. It has, however, been a complete success, but in 1897, under the Free Trade Administration of President Cleveland, the "Wilson Gorman Co. promised Tariff" was passed, neutralising to some extent the McKinley Tariff. The activity of trade was somewhat checked by this change, but in 1896 Mr. McKinley was elected President, and in 1897 the "Dingley Protective Tariff" came into effect with unprecedented prosperity, and although it is the contention of Free Traders that Protection will kill an Export Trade, it is a fact that the export of manufactures from the United States has increased within the last eight years from £44,800,000 to £82,600,000 under its policy of protection.

APPENDIX. No. III.

THE BRITISH FISCAL POLICY OF "FREE TRADE" IS OPPOSED TO POLITICAL ECONOMY.

TO THE EDITOR OF THE DAILY NEWS.

SIR GULFORD MOLESWORTH ON FREE TRADE.

Sir,—In your review of my unpretending booklet, 'Our Empire under Protection and Free Trade,' you say :

It is difficult to argue with a writer who clings in this way to doctrines which belong to the dark ages of economic science. We can only recommend the author to devote a little study to the 'Wealth of Nations' and to the writings of Frederick Bastiat.

I may state that I have not only studied those works, but have quoted freely from them in support of my arguments in the 'British Jugernath,' which I published 19 years ago. Referring to the second edition of that work, I find quotations from Adam Smith's 'Wealth of Nations' (at pages 9, 10, 11, 21, 24, 43, 46, 51, 52, 53, 54, 55 and 57), and from Bastiat (at pages 23, 58, 59, and 76), the quotation at 23 showing how Bastiat has misled his followers by false predictions.

Modern economists, and especially the later school of German economists look upon the Manchester School of economics as belonging to third pages, and scornfully repudiate it as "Manchesterthum" and "Smithianismus."

I fear that your reviewer has not studied the books he recommends to my notice, otherwise he would never have ignored the following sentences, which occur in Adam Smith's 'Wealth of Nations,' and which to a great extent support the views I have advocated :

If the free importation of foreign manufactures were permitted, several of the home manufactures would probably suffer, and some of them perhaps go to ruin altogether.—Wealth of Nations, Book IV Cap 11.

It will generally be advantageous to lay some burden on the foreigner, for the encouragement of domestic industry, when some tax is imposed at home upon the produce of the latter.

In this case it seems reasonable that an equal tax should be imposed upon the like produce of the former. . . .

It may sometimes be a matter of deliberation how far it is proper to continue the free importation of foreign goods when some foreign nation restricts by high duties or prohibitions importation of some of our manufactures into their country.—Wealth of Nations, Book IV. Cap 2.

I would recommend to your reviewer's notice the following quotations from Mill.

The only mode by which a country can save itself from being a loser by the revenue duties imposed by other countries on its commodities is to impose corresponding duties on theirs—Principles of Political Economy, by John Stuart Mill Book IV.

Yours, &c.

GUILFORD L. MOLESWORTH.

The Manor House, Bexley :

July 2nd, 1902.

[Our reviewer, who has seen the above letter, says : "Free-traders are not concerned to deny that the sudden adoption of Free Trade by a country so given up to an artificial system as Great Britain was in Adam Smith's time would probably have entailed disagreeable consequences upon those who were then basking in the sunshine of a protective system at the expense of their fellow-countrymen. Neither do they deny that when a tax is imposed upon some home product it is reasonable that an equal tax should be laid upon a like product imported from abroad, and *vice versa*. On the contrary, their chief objection to Sir Michael Hicks-Beach's corn tax is based upon this very doctrine. The passage which Sir Guilford Molesworth quotes from Mill's 'Principles of Political Economy,' does not occur in 'Book IV.,' as he says, but in Chapter IV. of Book V. (Section 6). If the reader will turn to it he will find that it is accompanied by limitations which render it practically valueless for the purposes of the advocates of Protection. It is well known that Mr. Mill has occasionally granted more to his opponents than his disciples approve : but to claim his authority on that ground on behalf of your correspondent's book, which is full of economic heresies, would be absurd."]

To the Editor of the Daily News.

Sir,—With reference to the remarks of your reviewer on my letter which was published in your issue of yesterday, permit me to point out that the ruin of some of our manufactures, which Adam Smith predicted as the probable result of the free import of foreign manufactures, was by no means "sudden." It was very gradual, and was only complete after we had for years been "basking in the sunshine" (to use your reviewer's words) of Free trade. The reason why that ruin was gradual has been fully explained in my booklet.

It is true that Adam Smith did not include our agricultural industry in the same category with our manufactures, but that was upon a false assumption ; for, as he has explained.—

Even the free import of foreign corn could very little affect the interest of the farmers of Great Britain . . . The average quantity imported,

one year with another, amounts only . . . to 23,728 quarters of all sorts of grain. . . . So it is probable that one year with another, less would be imported than at present. (Book IV, c. 11.)

Now the actual import in the year 1900, in round numbers, amounted to 42,000,000 quarters. Can any unprejudiced man doubt that Adam Smith would have predicted the ruin which has unfortunately fallen upon our agriculture, if he could have had any conception that the actual import could be nearly 1800 times as much as that on which he based his conclusion, that the free import of so small a quantity would '*very little affect the farming interest*' ?

With regard to Adam Smith's opinion, that

It will generally be advantageous to lay some burden on the *foreigner* for the encouragement of domestic industry when some tax is imposed on the home produce, your reviewer infers that this is inapplicable to corn because there is no direct tax upon it, but he forgets that the English grower is burdened with taxation of the most crushing character, which the foreign grower evades.

Your reviewer is mistaken in stating that Mill's advocacy of the imposition of revenue duties corresponding to those of other countries "is accompanied by limitations which render it practically valueless for the purposes of the advocates of Protection."

The only limitation is this —

Only it must take care that those duties be not so high as to exceed all that remains of the advantage of trade, and put an end to importation altogether.

Surely this limitation does not render it valueless to the advocate of Protection—it is exactly what he would desire. The advocate *protection* is not to advocate *prohibition*, and the object of Protection is not to prevent imports, but to place the industries of a country on a fair footing with those of other countries.

I fear that my booklet must plead guilty to the reviewer's charge of being full of "economic heresies" but my faith is not of the stalwart character of the Free Trader's—that faith which has been defined by a Sunday School girl as. "*Faith is believing that which we know to be untrue.*"

GUILFORD, L. MOLESWORTH.

THE MANOR HOUSE BEXLEY, KENT:

July 8th, 1902.

APPENDIX. No. IV.

FACTS FOR FISCAL REFORMERS.

Compiled for the Working Men of Birmingham in 1902

By SIR GUILFORD MOLESWORTH, B.C.I.E.

1. Extremes are injurious.
2. Unlimited free import is one extreme, prohibitive tariffs the other, protective tariffs the practical mean.
3. It is a fallacy to suppose that a tariff must necessarily raise the price of the article taxed.
4. A general rule, when an article is, or can be, produced at home a tariff, *if it be not prohibitive* stimulates production, promotes internal competition, prevents a permanent increase of prices, and in many cases eventually decreases the cost to the consumers.
5. When, however, an article is not of home production such as tea, coffee, cocoa, tobacco, wines, etc. the tariff naturally increases the price.
6. A tariff on a competing import is frequently paid by the foreign producer, and does not fall on the consumer.
7. Experience has shown that the imposition of a tariff is frequently followed by a fall in the price of the article taxed.
8. It sometimes happens even that the anticipation of a tariff causes a fall in the price.
9. The imposition of a tariff frequently kills a foreign monopoly, or enables a new industry to arise.
10. Unrestricted foreign competition often prevents the establishment of a new home industry, or crushes out an existing one.
11. Even when a tariff raises prices, it adds to the revenue and saves other taxation.
12. Direct taxation of capital and profits is a burden on our industries and re-acts on the working classes by reduction of wages and employment.
13. Industries burdened by direct taxation are at a disadvantage in competition with those foreign industries which do not share that burden.
14. Indirect taxation (derived from tariffs) is in many cases no burden.
15. The term "Free Trade" (*Libre Echange*), as explained by economists, means the free exchange of commodities between nations, which England has never had, and has no signs of ever having.
16. We have no free import for our productions to any country, not even to our self-governing colonies.

17. We have thrown away our bargaining power with foreign countries by abolishing our tariffs on competing products, and have handicapped our trading relations with our Colonies.

18. We admit, free of duty those articles which compete with our industries, but tax those which do not compete.

19. We impose taxation in a form which must fall solely on our own people, but remit it when any portion, if not the whole, is likely to fall on the foreigner using our markets.

20. The "big and little loaf" of Free Trade is only a delusive electioneering fiction, and the cry of seeking to "tax the poor man's loaf" an absurdity since the loaf produced at home is already taxed to the hilt.

21. The influence of the price of wheat on the price of bread is generally exaggerated, no account being taken of the fact that the retail price of the loaf includes many more items than the wheat itself, namely, the labour employed in the milling the baking, and the distribution, besides the profits of the middlemen and employes at each stage, the rent of premises, and so forth, which do not vary with the price of wheat.

22. Our dependence on foreign nations for wheat supplies tends in war time to raise prices to famine rates. During the Crimean War the price of wheat was higher under free imports than it had been under the Corn Laws since 1818, the average price for the year 1855 being 74s. 8d. per quarter.

23. The price of wheat is less affected by tariffs than by the general level of the world's prices.

24. A tariff does not, as a rule, raise the price of wheat, provided that the duty be not so high as to be prohibitive or nearly so; but the present prohibitive duty 12s. 2d. per quarter in France, when the outside price is only 27s or 28s, necessarily raises the price.

25. The price of wheat in Protectionist countries is not necessarily higher than in free-trade England; in some cases it is lower. Bodio's analysis of the price of wheat in the principal markets of Europe for the average of 16 years 1860-84 shews that the price in Brussels and Paris was 3 per cent. higher than in London, but in Amsterdam it was 1 per cent. lower than in London, in Rome 3 per cent. lower; in Berlin 10 per cent. lower; in Budapesth 14 per cent. lower; and in Vienna 25 per cent. lower than in London.

26. The repeal of the Corn Laws in 1765 was followed by a rise in the price of wheat from 33s. 3d. (the average of ten years preceeding the Repeal) to 50s. 5d. for the average of the ten years succeeding their repeal.

27. During the French War (period 1800-13, prior to the enactment of the 1815 Corn Laws) the average price of wheat rose to 107s. under Free import.

28 After the enactment of the Corn Laws in 1815 the average price fell gradually so that in the three years 1843-45 preceeding the Repeal of the Corn Laws, the average price was 50s. 9d per quarter.

29 The average price of wheat for the three years preceeding the Repeal of the Corn Laws in 1846 was slightly lower than the average of thirty years succeeding their Repeal.

30 The present low price of wheat is mainly consequent upon the diminished cost of transport by steamers and railways and improved processes of agriculture, but should we be engaged in war with strong maritime powers, there would be the utmost risk of famine prices.

31 The distress in 1840-42, which gave rise to the Anti-Corn Law agitation, was not due to dear bread, but to a temporary monetary crisis caused by a sudden drain of gold to the United States

32 The average price of wheat for the five years preceeding the Repeal in 1846 was almost lowest that had been touched during the half century 1800-50.

33 The re-imposition of the registration Corn Tax in 1902 did not rise the price of wheat ; but after the remission of the Tax in 1903 the price of wheat and flour rose.

34 We enjoyed extraordinary prosperity and acquired our commercial and industrial superiority, as well as our position as the Capitalist nation of the world, under a policy of strict Protection.

35 We are losing these advantages under the so-called policy of Free Trade.

36 In the United States the periods of protective tariffs have uniformly been marked with prosperity, and the periods following their several repeals have been marked by depression and distress.

37 The prosperity which we enjoyed in the "fifties," although unfairly claimed as the work of Free Trade, was due to other causes, namely, gold discoveries, inventions and science, steam navigation, railways, etc., which have been shared by foreign nations.

38 Having laid the foundations of our industrial prosperity under Protection, and having thereby secured the command of the world's markets, we were not merely the first, but the only country able to utilise these new forces that then came into play.

39 For more than twenty years fortuitious events, such as the Crimean War in the "fifties," Civil War in the United States, and Continental disturbances in Europe in the "sixties" and early "seventies," retarded the progress of foreign nations.

40 As soon as foreign Protectionist nations were able to avail themselves of the new industrial conditions, they successfully competed with us even in our own markets, and our country is flooded with the productions of the very nations which we formerly supplied.

41. Since that time most of our industries have either been ruined or have struggled hard for existence.

42. Our Colonies are also becoming more and more Protectionist, and are flourishing under that policy, and Canada and our South African possessions are able to give the Mother Country preferential treatment and to their honour do so as yet without reciprocity on our part.

43. Many of our best workmen have emigrated to the United States where they obtain higher remuneration for their labour.

44. The capital recklessly expended by us in purchasing abroad that which might have been produced at home has armed Protectionist nations with the sinews of war in competition with us.

45. Instead of fostering our own industries and providing employment for our working classes, we purchased from the foreigner in 1901 produce to the value of £416,000,000, much of which we could well have produced ourselves or in our Colonies. The value of exports to those nations in return was only £175,000,000.

46. Canada is being thrown into the arms of the United States by our policy and our refusal to respond to her advances for reciprocal trade.

47. We are constantly raising our direct taxes, while the United States lower theirs.

48. Since 1868 our direct Imperial taxation has increased from £19,000,000 to £59,000,000, and our direct local taxation by rates from £20,000,000 to £40,000,000.

49. The cost of food and the necessaries of life is not less in England than in Protectionist countries.

50. The wages in Protectionist America are, in the majority of cases, nearly double those prevailing in our "Free Trade" country.

51. The prophecies which induced our people to adopt Free Trade have proved to be false.

52. We stand alone, excepting Denmark, as "Free-Traders" amongst civilised nations, and Free Trade is now recognised as either all British or a savage custom.

53. The predictions of ruin to those countries which have adopted Protection have altogether failed.

54. The volume of commerce is no criterion of the prosperity of our industries.

55. The excess of £241,000,000 per annum of our foreign imports over our foreign exports show that we are consuming more than we produce, we are living, to a great extent, on the interest of that capital which we have gained in former days of prosperity.

56. We have of late years been parting largely with our foreign securities in payment to Protectionist nations.

57 Much of our import consists of food which is absolutely consumed. Much of our export consists of our national assets of coal and mineral wealth which cannot be replaced.

58. Since the passing of the McKinley Bill in 1891, which the Free Trade apologists prophesied would ruin the United States, the industries of that country have developed by leaps and bounds.

59 The special exports of the United States increased in 1898 by £76,000,000 when compared with 1890, while those of the United Kingdom decreased by £30,000,000.

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The Effect of Import Duties on Industrial Development.

BY SIR GUILFORD MOLESWORTH, K C I E.

In a paper read before the Benares Industrial Conference on the "Industrial Development of India" in 1905, I drew attention to the manner in which the Industrial interests of India had been sacrificed to the English Fiscal Policy, and I advocated the adoption of a policy of moderate and carefully considered import duties to relieve the dead weight of taxation from the land and to prevent the crushing of India's industries, by unfair and unrestricted foreign competition. †

I regret that more attention was not devoted to this subject by Members of the Conference, because I am convinced that unless some such policy be adopted it will be impossible to develop the vast industrial resources of India. It is difficult to exaggerate the importance of this question: I was glad to see that Mr Dutt in his Presidential address said.—

"We will not see our country made a land of raw produce or a dumping ground for the manufactures of all nations."

The Swadeshi movement is a step in the right direction, but I fear it will prove a failure unless it is backed up by a policy of fiscal reform. It must necessarily be limited in action, confined as it will be to a comparatively small number of the educated and patriotic classes of India, but it cannot reach the masses and consequently can produce no practical results unless combined with the policy of import duty.

In my previous paper I have already alluded to the causes which have given an undue prestige to the fiscal policy prevailing in Great Britain for which the term "Free Trade" is a misnomer. I have also briefly alluded to the fact that British industrial supremacy was established under a policy of strict

protection Under that policy she developed her manufactures and had a complete monopoly of them. She had control of all the markets of the world, and became greatest capitalist nation Alison in his "History of Europe" wrote:—

"There is perhaps no example in the annals of mankind of a nation having made such advances in industry, wealth and numbers, as Great Britain has made since the peace. In the 30 years that have elapsed since the Battle of Waterloo, during which it has enjoyed in Europe at least almost uninterrupted peace, its population has increased more than one-half, having advanced from 18,500,000 to 28,000,000. Its imports have doubled, having risen from £32,000,000 to £70,000,000, its exports have more than tripled, having swelled from £42,000,000 to £130,000,000, exclusive of Colonial produce, its shipping has doubled, having grown from 2,500,000 to 5,000,000 tons.... During the same period the agricultural industry of the country has been so far from falling short of this prodigious increase in its commercial transactions that it has signally prospered. The dependence of the nation on foreign supplies has steadily diminished until the grain annually imported had come (on an average of 5 years ending with 1835) to be no more than a 200th part in average years of the annual consumption, and the prodigy was exhibited of a rural industry in an old state, possessing a narrow and long cultivated territory, not only keeping pace with but outstripping an increase of numbers and augmentation of food required for the purpose of luxury unparalleled in any age." Alison "History of Europe" Chap XCV 66.

It should be noted that during this period the British trade was in a far more healthy character than at present, for at the end of this period in 1846 we had a *favourable* balance of trade amounting to £66,000,000, whereas we have now an *adverse* balance of £180,000,000. It must also be remembered that during this period there were but few railways and scarcely any steam navigation. It was only at the end of this period that the great railway mania set in.

It was about 1835 that an extraordinary era of prosperity sprang up throughout the whole civilised world tending to an enormous increase in the wealth of the world. This was due to numerous improvements in arts, sciences and inventions, as well as to improved communications by railways, steam navigation and telegraphs, which made such rapid strides during

the second quarter of the 19th century. England was the great pioneer in these improvements, then came the great rush of gold from California and Australia causing an expansion of the currency of the world, a condition which is always accompanied by increased activity of trade. Foreign nations shared this prosperity as well as ourselves, but England was in a better position than any other nation to reap the advantages of this altered condition of affairs. As already stated she had the markets of the world in her hands, she had developed her coal, her iron and her textile industries under the policy of strict protection ; and had complete monopoly of them. She not only supplied manufactures and machinery for the whole world, but as the great capitalist nation she furnished funds for every public work abroad with the understanding that plant of every description should be supplied from England. The value of her investments increased enormously with the rapid development of the countries in which they had been invested, and she has been enabled constantly to reinvest the produce of these investments, so that her wealth as a capitalist has become enormous and must now amount to many thousand millions sterling.

The English people, generally satisfied with this rush of prosperity and wealth, accepted without enquiry the persistent claims of the advocates of Free Trade for this result, and this idea has been so thoroughly engrained into the English mind that those who venture to question it have been thought to be men beyond the reach of argument, and policy of Free Trade has become a sort of fetish or religion not to be questioned.

The year 1846, in which our present Fiscal policy was adopted opened auspiciously. In January 1846 the Queen's speech assured Parliament of :—

“The prosperous state of the realm, the increased demand for labour and the general improvement that had taken place in the internal condition of the country.”

Shortly afterwards the leading bankers and merchants of the City of London thought it right to state :—

“For the information of Parliament that the commercial and manufactur-

ing interests had been for some time in a state of great activity and prosperity."

The month of May in the same year witnessed the passing of the Act which formed the first step in our Free Trade policy. In vain it was urged that it would throw land out of cultivation, that it would involve dangerous dependence on foreign supplies, and heavy taxation on England's industries, as well as ruinous competition. For many years England did not feel the blighting effects of Free Trade. She had a good start in the race and it would naturally take years for other nations to overtake her but the capital which she recklessly expended in purchasing abroad commodities which might have been produced at home, gradually armed other nations with funds for successful competition with her. It was not until after 20 or 25 years that the effects of her policy began to be felt. The situation had to some extent been saved by the partial restriction of unlimited free imports in consequence of the Crimean and the American Civil war. Our agriculture being more heavily burdened than any other industry was the first to suffer and has been practically ruined, millions of acres having gone out of cultivation, lapsed into weedy pasture and large number of our manufacturing industries have been crushed out by unlimited foreign competition.

Mr. Carnegie in a speech at St. Andrew's has declared that the United States, under a policy of strict protection, has now taken the foremost place in wealth, production, and exports. Germany under a similar policy is rapidly overtaking us, and Mr. Carnegie thought that before long Russia would press us hardily, and this probably would have been the case but for her War with Japan and her internal troubles.

But what is the cause of this loss of industrial and commercial supremacy? It is simply due to our own folly in failing to foster a reciprocal trade with India and our Colonies. The British Empire has a huge area of 12,000,000 sq. miles, comprising enormous, but undeveloped, wealth, whether mineral or

agricultural. It has climates of every gradation from the cold to the tropical, capable of providing every variety of produce. It has population of nearly 400, 000, 000 and labour of every description, in many parts absurdly cheap. If it had been properly fostered it ought to have furnished a magnificent market, which would have rendered us independent of foreign trade and enabled us to have surpassed the United States in a greater measure than that in which she is now surpassing us. The undeveloped state of our Empire is a disgrace to Great Britain, we have not merely failed to foster its resources, but on the contrary we have handicapped our subjects in every way and allowed the foreigner advantages which our own subjects do not possess. The foreigner who uses our own Colonies and Dependencies as freely as our own subjects, contributes nothing to the cost of our Home Government or the Army and Navy which protects his interests, if he has not a domicile in England; yet he reaps all the advantages of an English farm while he evades the heavy taxes and burdens which the British subjects have to pay. It is absurd to suppose that such an unequal competition can be maintained. After securing new markets at great cost in blood and treasure, we foolishly allow any foreigner to reap the benefit at our expense and to our detriment. We now expend more than £400, 000, 000 a year in purchasing from the foreigner much which under a wise policy might have been supplied within our own Empire and in doing so the money is not only lost to our own subjects but it is mischievously employed in furnishing the foreigner with capital for successful competition with us, and while we admit the manufactures and products of foreign nations free of import duty, they close their doors to us with heavy tariffs.

The time has now arrived when we must decide whether we shall maintain our vast Empire or allow its gradual disintegration. Our Colonies have expressed a desire to enter into reciprocal relations with us on basis of preferential treatment, which would be mutually advantageous, but up to the present

time their advances have been treated with contempt. Shall we foster its industries and develop its enormous resources, or shall we allow the slow process of neglect to complete the work of commercial disintegration and ruin? Shall we again neglect the plain teaching of history and repeat that gigantic folly, by which we lost our American Colonies, which with all her wealth ought to have been ours but for our short sighted policy in the criminal neglect of their interest and our own?

The incidence of taxation is one of the most difficult problems in Political Economy. It has been assumed by many of the followers of Cobden that a tariff must necessarily raise the prices of the articles taxed. To shallow thinkers the paradox of prices falling after the imposition of the import duty is incomprehensible, but to those who have carefully studied the matter, it is evident that there are other factors in the problem which may act *indirectly* in counteracting the *direct* tendency of the tax. No doubt in some cases the imposition of a tariff does increase the price, but experience proves, as will be shown hereafter, that in the majority of cases it does not have that effect. Some times it raises the price temporarily with the result that it falls again, sometimes it has immediate effect in lowering prices by destroying a foreign monopoly or stimulating the development of a home industry, sometimes it happens that the anticipation of a tariff causes a fall of price, because the foreign producer, knowing that the tax will come from his own profits pushes through his surplus stock at a sacrifice so as to save the tax before the tariff law can come into operation. This was especially the case before the MacKinley Act came into effect.

It may perhaps be laid down as a general axiom, subject of course to modifying influences, that when an article is or can be produced at home a tariff, if it be not prohibitive stimulates production, and does not raise the price, the tax being paid by the foreign producer, but when an article is not of home production, such as tea, coffee, cocoa, tobacco, wines etc.

the tariff increases the price and the tax falls on the consumer. The practical effect of English Fiscal policy is, that we admit free of duty those articles which compete with our own industries and tax those articles which do not. We remit the tax which should be paid by the foreign producer, whilst we exact that which falls upon our own subjects.

In the year 1896 Mr. A. Williamson, being convinced that the duty, on any article which had to encounter competition of a home product fell upon the foreign producer and not upon the consumer, challenged the Cobden Club, in order to test this question, to issue a short circular to the chief exporters of Great Britain asking their experience. As the challenge was declined, Mr. Williamson set a circular to a large number of representative exporters of our chief manufacturing centres embracing cotton, woollen, carpet, iron and steel, brass, gold, silver, electro-plate, hardware, guns, cycles, engineering, glass, India rubber and other industries. Out of 531 replies 530 admitted that the *incidents of taxation fell upon them and not upon the consumer*. The only dissenting reply was from an American Cycle exporter, who had recently opened business in Coventry.

(A few Examples, proving that the imposition of tariff does not necessarily raise prices are given in Appendix No. 1)

In no case is the proverb "Fallacies die hard" more strongly exemplified than in the case of that mischievous and dishonest appeal to the ignorance of the masses, the electioneering cry of "Taxing the poor man's bread". In many letters discussing Mr. Chamberlain's proposals regarding the trade of the Empire, it is too often assumed that a tax on wheat must necessarily increase the cost of bread. Now this is absolutely contrary to facts and past experience.

The price of wheat is generally regulated by that which may be termed the "World's level of prices"—a level which is due to the general conditions of exchange, currency, transport and production. Tariffs in their *direct* action have but little

influence on prices *unless they are almost prohibitory*. Under a well regulated system of Import Duties, there is an action tending towards the equalisation of prices in different Countries; and this is maintained by constant telegraphic communication of brokers with the principal markets of the world. A few examples will suffice. The Committee of the Belgian House of Representatives in their report of 1886 stated that, on several occasions on which Import Duties were imposed upon wheat, the price thereafter fell, and when the duty was abolished it rose except in one instance. Again in a Consular report dated 14th of May 1883, Sir E. Malet wrote :—

“Eight years’ experience has shewn that the higher duties introduced in 1879 have been attended with the most successful results fiscally....They failed to raise the price of wheat, prices had fallen instead of rising.”

Again Mr. Vansittart, Consul at Wurtemberg, reported in 1818 —

“Since the addition of the duties all kinds of grain were cheaper than ever.”

In 1888 the duty on wheat in Italy was raised from 1 franc per quintal to 4 francs, or about 7/6 per quarter. Practically it may be said that the price of bread remained almost unchanged, the tendency having been rather to a fall than a rise in price, although large imports of foreign wheat poured into Italy. Similar results ensued in Germany in 1892 when the duty was raised 400 per cent and the price of wheat fell 9 per cent. Also in France in 1895 when the duty was raised, the price of bread fell 7 per cent. In all these cases it is evident the burden of taxation fell upon the foreign producer, not on the consumer. In the Colony of Victoria in 1888, under an Import Duty of 9/6 per qr. on wheat, bread was cheaper than in New South Wales which admitted wheat duty free, the reason being that the Victorian farmer was protected from an undue influx of foreign surplus, and was consequently able, not only to grow wheat with confidence but owing to the reduction of other taxation, caused by the revenue derived from foreign imports, he was in a position to grow wheat at a cheaper rate. The internal

competition was thereby stimulated to an extent which tended to a fall rather than a rise in price

Of course if a duty be prohibitive (as was the case in which France imposed a duty of more 12/- a qr on wheat when the outside world's price was as low as 27/-,) the price must necessarily rise in times when the home crop happens to be scanty.

The development of the Tin plate industry in the United States affords a valuable example of the manner in which an industry may be developed by the policy which I have advocated. Before 1891 there was an import duty of 1 cent per lb. on Tin plates. This was found to be insufficient to develop the industry; as the British manufacturers dumped down, in the United States, their surplus plates, and ruined the struggling industry. It was therefore determined to increase the duty. President McKinley in reply to the Free Traders' argument said:—

"They insist that we cannot make tin plates, so they said about steel rails, so they said about plate glass, and cutlery and pottery."

All these industries and many others had been developed by the means of import duties. The duty was therefore raised from 1 cent to 2 2 cents per lb. This, according to a Free Trader's contention should have raised the price of tin plates in the United States from 3 to 4 2 cents, but on the contrary, as the industry developed the price fell from 3 to 2 2 cents in 1898, and the development of the tin plate industry has been a complete success. The production of tin plates in the United States has increased from 1,000 tons in 1891 (the year in which the McKinley Act took effect) to 412,000 tons in 1902. During this period the value of imported tin plates amounted to 1,492,000 dollars paying duty, but subject to a drawback of 99 per cent if exported in a manufactured form

The United States Census of 1900 shows that there has been an increase of 104 per cent in the number of fruit and vegetable canning establishments since 1890—an increase of 73 per cent in the amount of wages paid in the same industry, 101 per cent increase in the cost of fruit and vegetables canned,

and 89 per cent increase in the value of the completed product. The average cost of tin plates for 11 years after the McKinley Tariff was imposed has been 2 65 as against 3 cents per lb. in the years 1890-91. When the tariff was first imposed the cost of tin plates, instead of rising, steadily fell, although there was a large import the foreigner paying duty. The great development of the canning industry and the consequent demand for tin plates has tended to a temporary rise in the prices, and this was increased by the great coal strike, as well as by the strike in tin plate operatives who obtained a rise in their wages; but the average price of 1902 was not higher than in 1891.

Now to sum up the results :—

- (1) The industry of Canning fruit and vegetables has largely increased.
- (2) The amount paid in wages has also increased.
- (3) The amount of fruit and vegetables used for canning has increased.
- (4) The Tin plate industry has been successfully developed and the Welsh monopoly broken up.
- (5) Capital has been largely attracted to the United States.
- (6) There has been a large increase to the revenue from duty.
- (7) The cost of the tin plates has been reduced to the consumer.
- (8) The wages of the tin plate operatives have been raised.
- (9) The payment which formerly went abroad for tin plates now circulates through the wage earners amongst retail traders and gives additional employment to the industries allied to the Tin plate industry, such as the chemical, iron, mining and others.

Sir Lyon Playfair, the Champion of the Cobden Club, was right when he said in condemnation of the McKinley Act :—

"If the Americans be right in principle and if they be successful in practice, the whole of the policy of the United Kingdom is founded on a gigantic error and must lead to our ruin as a commercial nation."

The McKinley Act has proved to have been successful beyond all anticipation, even of its most sanguine supporters.

The following incident furnishes an example of the effects of dumping on a struggling industry. In 1846 when the United States were struggling to develop their iron industry, iron rails were sold in the United States for 50 dollars a ton under import duties, but as soon as the tariff was removed, the British manufacturers dumped on the United States market rails at 40 dollars a ton and then, having ruined the struggling industry, raised the price to 70 dollars.

The history of the United States proves that there have been several periods during which, under the influence of economic charlatans, the Government has relaxed its policy of protection. Such periods have been marked by depression of trade and distress, whilst the periods of strict protection have been marked by activity of trade and general prosperity. For details of this see Appendix No. 2.

None of the prophecies of the originators of the policy of Free Trade have been realised. In 1844 Cobden prophesied :—

"In ten years from the time when England inaugurates the glorious era of commercial freedom, every country will be Free Traders to the backbone."

Again he prophesied in 1846 —

"There will not be a tariff in Europe that will not be changed in less than 5 years to follow your example."

More than half a century has elapsed and Free Trade is either an English or a savage custom. Not a single civilized country, except Denmark, has followed our example, but in most countries tariffs are increasing in intensity. Again in 1844 he prophesied that agriculture would flourish under Free Trade, and no interest would receive so much benefit from the Repeal

of the Corn Laws as the farm tenant interest. But our agriculture has been ruined, millions of acres have gone out of cultivation, and both farm tenants and landholders have lost their capital. Property has been constantly changing hands, and freeholds are heavily mortgaged.

I have already pointed out that the British Fiscal Policy of unrestricted foreign imports, though claimed by free traders to be based on the political economy of Adam Smith, is absolutely opposed to it. Adam Smith, in his "Wealth of Nations," rightly directed much argument against "monopolies", "absolute prohibitions", and "high duties" which amounted to a prohibition. He only advocated the free import of foreign corn on the assumption that it would be so small that it "could affect very little the interests of the farmers of Great Britain." Of course he could not have foreseen that steam navigation and railways, which did not exist in his days, would entirely change the conditions of import, and would enable the actual import of foreign corn to be more than two thousand times as great as the quantity on which he based his assumption. He actually predicted the ruin, which has already befallen many of the British manufactures, in the following terms :—

"If the free importation of foreign manufactures were permitted several home manufactures would probably suffer, and some of them perhaps go to ruin altogether."

Both he and Mill advocated the imposition of countervailing duties on those foreign nations which restricted, by high duties or prohibition, the importation of produce into their countries. (See Appendix 3).

In conclusion, I would recommend to the Provincial Committees of the Industrial Conference a careful study of "Facts for Fiscal Reformers", which I compiled four years ago for the information of the working men's Tariff Reform League of Birmingham; (See Appendix 4), and I would suggest that the following Resolution be submitted for the consideration of the next Industrial Conference.

Resolutions.

Resolved.—That this Conference urges on the Government of India—(1) To inaugurate a carefully considered policy of moderate import duties, which will not only yield a revenue that will relieve the land of the dead weight of taxation, but will also protect the industries of India from unfair and unrestricted foreign competition. (2) To foster International and Inter-Colonial trade by the exchange of mutual Concessions and preferential treatment with the Colonies and Great Britain.

APPENDIX I.

EXAMPLES PROVING THAT THE IMPOSITION OF A TARIFF DOES NOT NECESSARILY RAISE PRICES.

If America had pursued the policy of free imports she could never have developed her manufactures, but would have remained a huge agricultural country, exchanging her agricultural produce for British manufactures. Even as it is she experienced the greatest difficulty in developing her resources. Whenever she attempted to start an industry the British manufacturers killed it, by dumping down upon her a quantity of materials at low prices, and again raising the price as soon as the struggling industry had been ruined. It was only by imposing tariffs that such industries could be developed. But such import duties did not necessarily raise prices. Germany experienced similar difficulties with her iron and steel industries which were swamped by English produce and almost extinguished, until Bismarck infused new life into these moribund industries, by the imposition of heavy import tariffs which have enabled Germany, not only to develop the industry, and compete successfully with us, but even to import into England large quantities of iron and steel rough and manufactured.

The manufacture of steel rails commenced in 1867; at that date steel rails cost 150 dollars per ton; the duty was changed to 28 dollars per ton, and in 1872 the price had fallen to 112 dollars; in 1874 it fell to 49 dollars; in 1876 to 59 dollars; and in 1885 to 27 dollars.

Sir Lyon Playfair the Apologist for the Cobden Club has endeavoured to account for this fall by improved process of manufacture, which of course has some slight share in it, but the only improvement that would very materially cheapen the cost of steel rails is the Bessemer process, which was invented as early as 1855 and was in full use long before the dates above mentioned. The reduction of price is fully accounted for by the fact that between 1868 and 1899 the output of steel rails in the United States increased from 8,618 tons to 2,270,000 tons, whilst the output of the United Kingdom decreased from 1,019,000 tons in 1890 to 838,000 tons in 1899.

The Manager of the Barrow Steel Company stated in evidence before the Royal Commission on Trade depression that in one year, 1884, his Company had paid £160,000 duty to the United States.

Mons. Thiers in his speech of January 22nd 1870 stated that a tariff on Linen and Cotton thread had reduced the price of a kilogram of linen thread from 7 to 3½ francs, and that the price of Cotton Thread had been reduced in similar proportion; the British monopoly having been killed by the tariff.

Under the high protective tariff in the United States, between 1860 and 1883, Cotton hosiery was reduced to nearly one-half the prices prevailing in 1860.

In 1867 a protection duty was imposed on wool. In 1872 there were in the United States 143 looms producing 1,500,000 yards of Brussels tapestry, in 1880 there were 1,070 looms producing 16,950,000 yards, and the price fell from 2.30 dollars in 1872 to 1.50 dollars in 1880 and to 93 cents in 1890.

Mr. Wycoff, United States Census Agent, stated that the average decline in the value of silk goods was not less than 25 per cent probably as much as 50 per cent in 15 years.

Salt under a tariff fell in price from 1 dollar and 80 cents in 1866 to 74 cents in 1882.

Mr. T. Dudley formerly United States Consul at Liverpool, gave the following rates of fall under the protective tariff between 1861 and 1883.

Cotton Goods	...	...	25 per cent.
Woollen Goods, Carpets etc.	...	...	25 do.
Silk	...	...	35 per cent. to 40 per cent.
Crockery	...	...	37 do.

In 1860 the duty on Crockery was 24 per cent. The tariff was increased to 40 per cent, which afterwards raised to 55 per cent, ad valorem, and now many kinds of crockery are sold in the United States at lower rates than in England.

The "American Economist" of October 2nd, 1891, gives the average retail prices of fifty-six articles in common use, at three periods. In the first column is shown prices in 1857, near the close of the last Free Trade of the United States; in the second column are the prices in 1889, a year before the McKinley Bill passed, in the next, or third column, is given the prices of 1890, during the electoral campaign; whilst the last column gives the prices after the passing of the McKinley Act. About four weeks previously a letter was sent to 1400 official correspondents of the American Protective Tariff League, asking them to get these prices from the merchants of the vicinity. The returns have been most complete. In many instances the testimonies of three and four merchants are given. The correspondents did not ask a dealer's politics; they were simply instructed to get actual retail prices as they existed at the periods stated.

APPENDIX I

Articles.	1857-	Oct. 1889	Oct. 1890	Sept. 1891.
	\$	\$	\$	\$
Axe	1.49	0 95	0 92	0 88
Binding Twine, lb.	—	0.14½	0 14½	0.11
Blankets pair	6 83½	4 23	4 09½	3 70
Blue Shirting, yard	0.17½	0 11½	0.11	0.09½
Boots	4.76	3 27	3 07	2.78½
Calico, yard	0.14½	0 07½	0 06½	0.06
Carpets, yard	1 30½	0 77½	0 72½	0.66½
Cotton Gloves	0 34½	0.24½	0 22½	0.19½
Cotton Hosiery	0.47	0.25½	0.25½	0.20½
Cotton Knit Goods	0.98	0 52½	0 46½	0.41½
Cotton Thread, spool	0 00½	0 05	0.04½	0 04½
Crowbar, lb.	0 11½	0.07½	0.06½	0 06½
Drawing Chains, pair	1.28½	0 71½	0 65½	0.58½
File	0 42	0 27½	0.24	0.20½
Fork 3-tined	0 90½	0.56½	0 52½	0.46½
Flannel, yard	0 70	0.39½	0 37½	0.34½
Fruit Cans, per dozen	3 00	0 73	0.65	0.54½
Gingham, yard	0.22½	0.10½	0 10½	0 08½
Hand Saw	2.43½	1 62½	0.53	1.39
Hoe	0.85	0 48½	0.43	0.37½
Hemp Rope, lb	0 21	0.14	0 14½	0 11½
Linen, yard	0.83	0 48½	0 47	0.42½
Mowing Machine	121.15	56 98	52 60	47.10
Nails, Wire, lb.	—	0 05	0.04½	0.03½
Nails, Iron, lb.	0.08½	0 03½	0 03½	0.03
Oilcloth, yard	0.84	0.38	0.35½	0 31
Overalls	1.20½	0.83½	0.79½	0 70½

Articles.	1857.	Oct. 1889.	Oct. 1890.	Sept. 1891.
	§	§	§	§
Pearl Bottons, dozen	0.22½	0.11½	0.11½	0.13½
Pins, Paper	0.11½	0.06½	0.06½	0.05½
Plough	20.12½	14.37½	13.93½	12.90
Rake, Horse	41.05	22.56½	21.24½	19.40½
Reaper & Binder	247.85	142.36	129.85	115.95
Rubber Boots	4.83½	3.10½	3.00	2.73½
Salt, lb.	2.30	1.75	1.65	1.38
Shoes	5.84	3.45	3.15	3.06
Sheeting, yard	0.12½	0.08	0.07½	0.06½
Shovel	1.47	0.97½	0.93½	0.80½
Spade	1.44½	0.96½	0.95½	0.84
Starch, lb.	0.13½	0.09½	0.09½	0.09½
Straw Hat, good.	1.75	1.28	1.25	1.10
Straw Hat, common.	0.44	0.31	0.28	0.23½
Sugar, lb., granulated	0.19½	0.09½	0.09½	0.05½
Sugar, lb., brown.	0.16½	0.08½	0.08	0.04½
Sugar Bowl	0.61	0.38½	0.37½	0.32½
Scythe	1.22	0.85½	0.74½	0.68½
Tin Dipper	0.25	0.12½	0.11½	0.10½
Tin Milk Pail	0.75½	0.46½	0.43½	0.39½
Tin Milk Pan	0.37½	0.18½	0.17½	0.15½
Ticking, yard	0.35½	0.20	0.18½	0.17
Waggon	130.00	95.00	90.00	75.00
Washboard	0.41	0.24½	0.24	0.22½
Washtub	1.20	0.70½	0.65	0.65
Wheelbarrow	2.23	1.65	1.60	1.40
Wooden Pails	0.45	0.24½	0.22	0.20½
Woollen Clothing	24.00	16.75	14.50	14.25

APPENDIX. No. II.

PERIODS OF STRICT PROTECTION HAVE BEEN MARKED BY ACTIVITY OF TRADE AND GENERAL PROSPERITY WHILST PERIODS OF RELAXATION OF THAT POLICY HAVE BEEN MARKED BY DEPRESSION IN TRADE AND DISTRESS.

In 1789 the policy of protective duties in the United States was affirmed, and between 1789 and 1822 additional Acts were passed, increasing the rates of duty. The country enjoyed remarkable prosperity during that period. Washington in his message of 1795 said —

“Our agriculture, commerce and manufactures are prospering beyond former example with burdens so light as scarcely to be perceived.”

In 1801 Jefferson congratulated the Congress on the revenue derived from tariff duties, and he suggested that they might safely dispense with all internal taxes; and in 1807 he was able to advise Congress of a heavy surplus of 14,000,000 dollars in the Revenue. In 1812 existing duties were doubled and ten per cent was added to all imported articles. Under this policy the United States made wonderful progress in the development of their industries; and inspite of their three year's war with England, were richer at the close of the war than before. In 1816 a free trade policy prevailed, and Mr. Clay, Speaker of the House in 1823-24 said :—

“The general distress which pervades the whole country is forced upon us by numerous facts of the most incontestable character; it is most painful for me to dwell upon the gloom of this picture; but I have exaggerated nothing. Perfect fidelity to the original would have authorized me to throw on deeper and darker hues.”

In 1824 protective duties were again imposed, and the prosperity that followed the imposition of these tariffs encouraged the legislature to increase them in 1828. Mr. Clay in a speech in the United States in 1832 said :—

“If I were to select any term here of 7 years, since the adoption of the present Constitution, which exhibited a scene of the most wide spread dismay and desolation it will be exactly that term of 7 years which immediately preceded the establishment of the tariff in 1824. If the term of 7 years were to be selected of the greatest prosperity which this people have enjoyed, since the establishment of their present Constitution, it will be exactly that period of 7 years which immediately followed the passage of the tariff of 1824.”

In 1833 an Act reducing the duties was followed by a period of disaster but under the Protective Tariff of 1842 the prosperity of the country revived and was followed by an almost phenomenal increase in all industries of the country. In 1846 Party Politics again prevailed, and the Free Trade Tariff was enacted, but evil results were obscured for a time by the great progress in railways, steam navigation and other conditions, which imparted to Free Trade in England a fictitious prestige for results unfairly claimed as its work.

In 1852, President Fillmore in his message to Congress said: "Our manufactures are broken down, thousands of homes and industrious citizens are thrown out of employment, and the farmers deprived of a home market for their surplus products." In 1857, President Buchanan said—"with unsurpassed plenty in all the elements of National wealth our manufactures are suspended, our public works are retarded, and private enterprises of different kinds are abandoned. Thousands of useful labourers are thrown out of employment and are reduced to want." In 1861 the "Morill" Protective Tariff was introduced and in spite of the sudden outburst of the great Civil War, and all the evils that accompanied it, including the Industrial paralysis of the Eleven seceded States, the country was enabled to sustain itself, to revive, and to increase in an extraordinary degree its manufacturing industries. In 1891 the McKinley Tariff was enacted, it was simply a modification of the strict policy of protection which commencing with the "Morill" Tariff in 1861 had been pursued with eminent success. It was a very carefully considered Act, and embraced the more stringent policy of protection for those industries which required development. It met with great opposition and our English Statesmen in general prophesied utter ruin to the United States from its adoption. It has, however, been a complete success, but in 1892, under the Trade Administration of President Cleveland, the "Wilson Gorman Compromised Tariff" was passed, neutralising to some extent the McKinley Tariff. The activity of trade was somewhat checked by this change, but in 1896 Mr. McKinley was elected President, and in 1897 the "Dingley Protective Tariff" came into effect with unprecedented prosperity, and although it is the contention of Free Traders that Protection will kill an Export Trade, it is a fact that the export of manufactures from the United States has increased within the last eight years from £44,800,000 to £82,600,000 under its policy of protection.

APPENDIX. No. III.

THE BRITISH FISCAL POLICY OF "FREE TRADE" IS OPPOSED TO POLITICAL ECONOMY.

TO THE EDITOR OF THE DAILY NEWS.

SIR GULFORD MOLESWORTH ON FREE TRADE.

Sir,—In your review of my unpretending booklet, 'Our Empire under Protection and Free Trade,' you say :

It is difficult to argue with a writer who clings in this way to doctrines which belong to the dark ages of economic science. We can only recommend the author to devote a little study to the 'Wealth of Nations' and to the writings of Frederick Bastiat.

I may state that I have not only studied those works, but have quoted freely from them in support of my arguments in the 'British Jugernath,' which I published 19 years ago. Referring to the second edition of that work, I find quotations from Adam Smith's 'Wealth of Nations' (at pages 9, 10, 11, 21, 24, 43, 46, 51, 52, 53, 54, 55 and 57), and from Bastiat (at pages 23, 58, 59, and 76), the quotation at 23 showing how Bastiat has misled his followers by false predictions.

Modern economists, and especially the later school of German economists look upon the Manchester School of economics as belonging to third pages, and scornfully repudiate it as "Manchesterthum" and "Smithianismus."

I fear that your reviewer has not studied the books he recommends to my notice; otherwise he would never have ignored the following sentences, which occur in Adam Smith's 'Wealth of Nations,' and which to a great extent support the views I have advocated.

If the free importation of foreign manufactures were permitted, several of the home manufactures would probably suffer, and some of them perhaps go to ruin altogether.—Wealth of Nations, Book IV Cap 11.

It will generally be advantageous to lay some burden on the foreigner, for the encouragement of domestic industry, when some tax is imposed at home upon the produce of the latter.

In this case it seems reasonable that an equal tax should be imposed upon the like produce of the former. . . .

It may sometimes be a matter of deliberation how far it is proper to continue the free importation of foreign goods when some foreign nation restricts by high duties or prohibitions importation of some of our manufactures into their country.—Wealth of Nations, Book IV. Cap. 2.

I would recommend to your reviewer's notice the following quotations from Mill

The only mode by which a country can save itself from being a loser by the revenue duties imposed by other countries on its commodities is to impose corresponding duties on theirs.—Principles of Political Economy, by John Stuart Mill Book IV.

Yours, &c.

GUILFORD L. MOLESWORTH.

The Manor House, Bexley .

July 2nd, 1902

[Our reviewer, who has seen the above letter, says : "Free-traders are not concerned to deny that the sudden adoption of Free Trade by a country so given up to an artificial system as Great Britain was in Adam Smith's time would probably have entailed disagreeable consequences upon those who were then basking in the sunshine of a protective system at the expense of their fellow-countrymen. Neither do they deny that when a tax is imposed upon some home product it is reasonable that an equal tax should be laid upon a like product imported from abroad, and *vice versa*. On the contrary, their chief objection to Sir Michael Hicks-Beach's corn tax is based upon this very doctrine. The passage which Sir Guilford Molesworth quotes from Mill's 'Principles of Political Economy,' does not occur in 'Book IV.,' as he says, but in Chapter IV. of Book V. (Section 6). If the reader will turn to it he will find that it is accompanied by limitations which render it practically valueless for the purposes of the advocates of Protection. It is well known that Mr. Mill has occasionally granted more to his opponents than his disciples approve but to claim his authority on that ground on behalf of your correspondent's book, which is full of economic heresies, would be absurd."]

To the Editor of the Daily News.

Sir,—With reference to the remarks of your reviewer on my letter which was published in your issue of yesterday, permit me to point out that the ruin of some of our manufactures, which Adam Smith predicted as the probable result of the free import of foreign manufactures, was by no means "sudden." It was very gradual, and was only complete after we had for years been "basking in the sunshine" (to use your reviewer's words) of Free trade. The reason why that ruin was gradual has been fully explained in my booklet.

It is true that Adam Smith did not include our agricultural industry in the same category with our manufactures, but that was upon a false assumption ; for, as he has explained :—

Even the free import of foreign corn could very little affect the interest of the farmers of Great Britain . . . The average quantity imported,

one year with another, amounts only . . . to 23,728 quarters of all sorts of grain. . . . So it is probable that one year with another, less would be imported than at present. (Book IV. c. 11.)

Now the actual import in the year 1900, in round numbers, amounted to 42,000,000 quarters. Can any unprejudiced man doubt that Adam Smith would have predicted the ruin which has unfortunately fallen upon our agriculture, if he could have had any conception that the actual import could be nearly 1800 times as much as that on which he based his conclusion, that the free import of so small a quantity would '*very little affect the farming interest*' ?

With regard to Adam Smith's opinion, that

It will generally be advantageous to lay some burden on the foreigner for the encouragement of domestic industry when some tax is imposed on the home produce, your reviewer infers that this is inapplicable to corn because there is no direct tax upon it, but he forgets that the English grower is burdened with taxation of the most crushing character, which the foreign grower evades.

Your reviewer is mistaken in stating that Mill's advocacy of the imposition of revenue duties corresponding to those of other countries "is accompanied by limitations which render it practically valueless for the purposes of the advocates of Protection."

The only limitation is this :—

Only it must take care that those duties be not so high as to exceed all that remains of the advantage of trade, and put an end to importation altogether.

Surely this limitation does not render it valueless to the advocate of Protection—it is exactly what he would desire. The advocate *protection* is not to advocate *prohibition*; and the object of Protection is not to prevent imports, but to place the industries of a country on a fair footing with those of other countries.

I fear that my booklet must plead guilty to the reviewer's charge of being full of "economic heresies" But my faith is not of the stalwart character of the Free Trader's—that faith which has been defined by a Sunday School girl as: "*Faith is believing that which we know to be untrue.*"

GUILFORD, L. MOLESWORTH.

THE MANOR HOUSE BEXLEY, KENT:

July 8th, 1902.

APPENDIX. No. IV.

FACTS FOR FISCAL REFORMERS

Compiled for the Working Men of Birmingham in 1902

BY SIR GUILFORD MOLESWORTH, K C I E.

1. Extremes are injurious.
2. Unlimited free import is one extreme, prohibitive tariffs the other, protective tariffs the practical mean.
3. It is a fallacy to suppose that a tariff must necessarily raise the price of the article taxed.
4. A general rule, when an article is, or can be, produced at home a tariff, *if it be not prohibitive* stimulates production, promotes internal competition, prevents a permanent increase of prices, and in many cases eventually decreases the cost to the consumers.
5. When, however, an article is not of home production such as tea, coffee, cocoa, tobacco, wines, etc, the tariff naturally increases the price.
6. A tariff on a competing import is frequently paid by the foreign producer, and does not fall on the consumer.
7. Experience has shown that the imposition of a tariff is frequently followed by a fall in the price of the article taxed.
8. It sometimes happens even that the anticipation of a tariff causes a fall in the price.
9. The imposition of a tariff frequently kills a foreign monopoly, or enables a new industry to arise.
10. Unrestricted foreign competition often prevents the establishment of a new home industry, or crushes out an existing one.
11. Even when a tariff raises prices, it adds to the revenue and saves other taxation.
12. Direct taxation of capital and profits is a burden on our industries and re-acts on the working classes by reduction of wages and employment.
13. Industries burdened by direct taxation are at a disadvantage in competition with those foreign industries which do not share that burden.
14. Indirect taxation (derived from tariffs) is in many cases no burden.
15. The term "Free Trade" (*Libre Echange*), as explained by economists, means the free exchange of commodities between nations, which England has never had, and has no signs of ever having.
16. We have no free import for our productions to any country, not even to our self-governing colonies.

17. We have thrown away our bargaining power with foreign countries by abolishing our tariffs on competing products, and have handicapped our trading relations with our Colonies.

18. We admit, free of duty those articles which compete with our industries, but tax those which do not compete

19. We impose taxation in a form which must fall solely on our own people, but remit it when any portion, if not the whole, is likely to fall on the foreigner using our markets.

20. The "big and little loaf" of Free Trade is only a delusive electioneering fiction, and the cry of seeking to "tax the poor man's loaf" an absurdity since the loaf produced at home is already taxed to the hilt.

21. The influence of the price of wheat on the price of bread is generally exaggerated, no account being taken of the fact that the retail price of the loaf includes many more items than the wheat itself, namely, the labour employed in the milling the baking, and the distribution, besides the profits of the middlemen and employes at each stage, the rent of premises, and so forth, which do not vary with the price of wheat.

22. Our dependence on foreign nations for wheat supplies tends in war time to raise prices to famine rates. During the Crimean War the price of wheat was higher under free imports than it had been under the Corn Laws since 1813, the average price for the year 1855 being 74s. 8d. per quarter.

23. The price of wheat is less affected by its tariffs than by the general level of the world's prices.

24. A tariff does not, as a rule, raise the price of wheat, provided that the duty be not so high as to be prohibitive or nearly so; but the present prohibitive duty 12s. 2d. per quarter in France, when the outside price is only 27s. or 28s., necessarily raises the price.

25. The price of wheat in Protectionist countries is not necessarily higher than in free-trade England; in some cases it is lower. Bodio's analysis of the price of wheat in the principal markets of Europe for the average of 16 years 1859-84, shews that the price in Brussels and Paris was 3 per cent. higher than in London, but in Amsterdam it was 1 per cent. lower than in London; in Rome 3 per cent. lower; in Berlin 10 per cent. lower; in Budapesth 14 per cent. lower; and in Vienna 25 per cent. lower than in London.

26. The repeal of the Corn Laws in 1765 was followed by a rise in the price of wheat from 33s. 3d. (the average of ten years preceeding the Repeal) to 50s. 5d. for the average of the ten years succeeding their repeal.

27. During the French War (period 1809-13, prior to the enactment of the 1815 Corn Laws) the average price of wheat rose to 107s. under Free import.

28. After the enactment of the Corn Laws in 1815 the average price fell gradually so that in the three years 1843-45 preceeding the Repeal of the Corn Laws, the average price 50s 9d. per quarter.

29. The average price of wheat for the three years preceding the Repeal of the Corn Laws in 1846 was slightly lower than the average of thirty years succeeding their Repeal.

30. The present low price of wheat is mainly consequent upon the diminished cost of transport by steamers and railways, and improved processes of agriculture, but should we be engaged in war with strong maritime powers, there would be the utmost risk of famine prices.

31. The distress in 1840-42, which gave rise to the Anti-Corn Law agitation, was not due to dear bread, but to a temporary monetary crisis caused by a sudden drain of gold to the United States.

32. The average price of wheat for the five years preceeding the Repeal in 1846 was almost lowest that had been touched during the half century 1800-50.

33. The re-imposition of the registration Cron Tax in 1902 did not rise the price of wheat, but after the remission of the Tax in 1903 the price of wheat and flour rose.

34. We enjoyed extraordinary prosperity and acquired our commercial and industrial superiority, as well as our position as the Capitalist nation of the world, under a policy of strict Protection.

35. We are losing these advantages under the so-called policy of Free Trade.

36. In the United States the periods of protective tariffs have uniformly been marked with prosperity, and the periods following their several repeals have been marked by depression and distress.

37. The prosperity which we enjoyed in the "fifties," although unfairly claimed as the work of Free Trade, was due to other causes, namely, gold discoveries, inventions and science, steam navigation, railways, etc., which have been shared by foreign nations.

38. Having laid the foundations of our industrial prosperity under Protection, and having thereby secured the command of the world's markets, we were not merely the first, but the only country able to utilise these new forces that then came into play.

39. For more than twenty years fortuitous events, such as the Crimean War in the "fifties," Civil War in the United States, and Continental disturbances in Europe in the "sixties" and early "seventies," retarded the progress of foreign nations.

40. As soon as foreign Protectionist nations were able to avail themselves of the new industrial conditions, they successfully competed with us even in our own markets, and our country is flooded with the productions of the very nations which we formerly supplied.

41 Since that time most of our industries have either been ruined or have struggled hard for existence.

42 Our Colonies are also becoming more and more Protectionist, and are flourishing under that policy, and Canada and our South African possessions are able to give the Mother Country preferential treatment and to their honour do so as yet without reciprocity on our part.

43. Many of our best workmen have emigrated to the United States where they obtain higher remuneration for their labour.

44 The capital recklessly expended by us in purchasing abroad that which might have been produced at home has armed Protectionist nations with the sinews of war in competition with us.

45 Instead of fostering our own industries and providing employment for our working classes, we purchased from the foreigner in 1901 produce to the value of £416,000,000, much of which we could well have produced ourselves or in our Colonies. The value of exports to those nations in return was only £175,000,000.

46 Canada is being thrown into the arms of the United States by our policy and our refusal to respond to her advances for reciprocal trade.

47 We are constantly raising our direct taxes, while the United States lower theirs.

48. Since 1868 our direct Imperial taxation has increased from £19,000,000 to £59,000,000, and our direct local taxation by rates from £20,000,000 to £40,000,000.

49 The cost of food and the necessaries of life is not less in England than in Protectionist countries.

50. The wages in Protectionist America are, in the majority of cases, nearly double those prevailing in our "Free Trade" country.

51. The prophecies which induced our people to adopt Free Trade have proved to be false.

52. We stand alone, excepting Denmark, as "Free-Traders" amongst civilised nations, and Free Trade is now recognised as either all British or a savage custom.

53. The predictions of ruin to those countries which have adopted Protection have altogether failed.

54 The volume of commerce is no criterion of the prosperity of our industries.

55 The excess of £241,000,000 per annum of our foreign imports over our foreign exports show that we are consuming more than we produce, we are living, to a great extent, on the interest of that capital which we have gained in former days of prosperity.

56. We have of late years been parting largely with our foreign securities in payment to Protectionist nations.

57. Much of our import consists of food which is absolutely consumed. Much of our export consists of our national assets of coal and mineral wealth which cannot be replaced.

58. Since the passing of the McKinley Bill in 1891, which the Free Trade apologists prophesied would ruin the United States, the industries of that country have developed by leaps and bounds.

59. The special exports of the United States increased in 1898 by £76,000,000 when compared with 1890, while those of the United Kingdom decreased by £30,000,000.

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Hand-loom Weaving in India.

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In my paper on Hand-loom weaving, read before the last Conference at Benares, I tried to show that, if certain improvements be made in the hand-loom and preparatory machines, the increased production would exceed the total imports of cotton piece goods into the country. The following further calculation will make the idea clear :—

The production of hand-loom working in the country is estimated at 165 crore yards. The looms work at an average effective speed of twenty picks per minute, and if this can be increased to 50 picks, the increased production of the same number of looms would be $247\frac{1}{2}$ crore yards. This increase more than equals the total cloth imports of the country. As this increase can be produced by the same number of men as now engaged on the looms, the price per yard will be cheaper than at present, and their ability to withstand foreign competition will so far be increased.

I have been asked to give in this short paper some idea of the manner in which this consumption can be reached. Before any conclusions can be drawn, it will be necessary to enter into some details of the various classes of cotton piece goods consumed in the country and to limit the spheres of work of the Indian hand-loom, the Indian Power-loom and of foreign looms.

Beginning with the coarsest, cotton goods consumed in India may be divided into the following four classes.

- (1). Very coarse goods, using 6^s to 16^s counts for warp and up to 20^s yarn for weft.

(2). Coarse Mediums, 20^s to 26^s warp and 20^s to 40^s weft.

(3) Mediums, 26^s to 40^s warp and 30^s to 50^s weft

(4). Fine, higher than 40^s warp and weft.

The following table gives a probable estimate in millions of yards of these classes of cloth consumed in the country, with their sources of production :—

No	Class	Wrap counts	Weft counts	Indian hand-loom supply million yds	Indian Mill supply million yards	Foreign imports million yards.	Total consumption million yards.	Percentage
1	Coarse	6 ^f to 16 ^f	6 ^f to 20 ^f	900	60	300	1,260	26
2	Coarse medium.	20 ^f to 26 ^f	20 ^f to 40 ^f	150	500	1,100	1,750	37
3	Medium	26 ^f to 40 ^f	30 ^f to 50 ^f	450	40	750	1,240	26
4	Fine	over 40 ^f	over 40 ^f	150	...	350	500	11
TOTAL ...				1,650	600	2,500	4,750	100

The bulk of the very coarse classes is woven on Indian hand-looms from Indian mill-yarn. This yarn is made from very inferior cotton and is not given a proper twist for warp. Some of the Bombay Mills tried to produce this class of cloth, but the yarn could not stand the speed of the power-looms, without a sizing of from 50 to 100 per cent., and as the people wanted cotton rather than size in the cloth they bought, the Mills had to give it up as a bad business. This cloth is very thick, warm and durable and is made everywhere in the country for local sale. This class may therefore be considered as coming within the absolute sphere of the hand-loom. Foreign cloth of this class in coloured designs and checks is being imported, but the weavers in Gujart, Northern India and most other parts of the country including Assam are now producing such cloth, and with increased local production the foreign article may for the most part be supplanted.

The main bulk of the coarse medium class is made up of imported shirtings and Indian Mill made shirtings, Chadders T-cloths &c. This class forms over one third of the total cloth consumption of the country and the supply is almost equally divided, between the Indian and foreign power-looms in Grey Goods, while bleached and coloured goods of this class come mostly from the United Kingdom. The hand-loom has a very small share and produces goods of mixed colours. Coloured yarn does not take size enough to satisfy the Indian Mill-owners and they would not take to it, so long as the plain business is profitable. Coarse medium yarn is very strong and can stand any amount of rough usage in the power-loom and the hand-loom has therefore no ultimate chance against it. They are required for this class can all be produced from Indian cottons and the question of relieving the foreigner is one of time only.

The medium class consists mainly of Dhoties, Saries, &c. consumed by the large body of the Indian middle class. Indian cotton is unsuited to produce warp yarn of this class, while the weft yarn produced by the Indian Mills is used up in weaving cloth of the coarse medium class by power looms. Competition in this class is between the foreign looms and Indian hand-looms both using foreign yarn. A cheap machine, cheap home labour and the production of stronger cloth on account of proper dressing of yarn, are in favour of the hand loom workers, while the power looms cannot work so fast on this yarn, as on the coarse medium. If therefore, as postulated before, the hand-loom can be made to produce $2\frac{1}{2}$ times as much as it now produces, the extra production will cover all the grey goods of this class imported, leaving the supply of bleached and coloured or printed goods to foreigners. The shwadeshi protection can help the hand loom workers in this class a great deal, towards passing over the period of transition.

The production of the fine class is restricted to hand loom and foreign power looms, and the speed at which the power loom can work on fine yarn being still further restricted, the

hand loom ought to be supreme in this class of work. The difficulty, however, comes in the want of bleaching and finishing. Of the 350 million yards of foreign imports, white Mulls and Nainsooks make up between them 333 millions. Both these cloths can be produced on hand looms, especially in the humid districts of Madras and Bengal, but the Sun bleaching process, adopted in the country, neither gives a fine feel to the cloth nor preserves its strength. Central bleaching and finishing factories in the fine weaving districts can alone help the weavers to get the upperhand in this competition. Recent experiments have shown the feasibility of producing Egyptian cotton in Sindh, Egyptian and long stapled tree cotton in Gujrat and American cotton in the United Provinces. With these cottons and proper arrangement for humidifying, mills in India equipped for fine spinning can easily compete with foreign mills in producing yarn upto 100 counts. When that day comes, the hand looms can get a still greater advantage with the cheaper Indian yarn.

This enquiry into the details lead us to the conclusion that four factors have stood the greatest friends of the Indian weaver.

- (1). His slow speed of work.
- (2). Cheap machine and home labour.
- (3). Light sizing and proper dressing of yarn.
- (4). Production for local consumption.

In any efforts to improve his lot, these should not be lost sight of, and yet, the speed of his work should be increased in order that, he may live and successfully compete. How far can this be attained is therefore the first point requiring consideration.

Speed of hand looms :—“ Mr. Wallace of the Indian Textile Journal says :—“The object of the inventors should be to ascertain the best possible working speed, in picks per minute of the average weaver and then to adapt the mechanism of the loom to withstand this strain of work.” Our enquiry suggests

the addition of a rider to this proposition to the effect, that this speed should be restricted to the maximum working speed, that the yarn at the weaver's command would be able to stand in the climate at his disposal. Previous experiments undertaken during 1905 with various kinds of looms, and weavers from Gujrat, United Provinces and Bengal showed, that 100 to 120 picks per minute was the highest that an average Indian weaver could do. Experiments during 1906 have, shown however, that under the conditions enumerated above a working speed of steady 70 to 80 picks on a 45 inch loom is all that should be attempted. Higher speed than this brings in its train so many breakages of warp threads, that the effective speed is greatly reduced. An example taken from a high authority will make this clearer.

Mr. A. Chatterton, the director of Industrial enquiries in the Madras Presidency, in a note submitted to the Madras Government says, that at Ahmednagar, Dungary cloth of 108 yarn 30 inches wide and 28 picks to the inch was made on Churchil looms, the production in a day of 8½ hours being 30 yards. He mentions in the same report that the working speed was 160 picks per minute. The following calculation will show the effective speed.

$$30 \times 3 \times 12 \times 28 = 30,240 \text{ total number of picks in the day.}$$

$$8\frac{1}{2} \times 60 = 510 \text{ minutes, working time.}$$

$$\text{No. of effective picks per minute} = \frac{30,240}{510} = 60$$

The loss of time in stoppages due to breakages must have been great.

EFFECTIVE SPEED :—In working every loom stoppages are unavoidable. They are due to :—

1. Changing pirns in the shuttles and breakages in weft.
2. Flying out of shuttle.
3. Fixing temple and taking up cloth.
4. Breakages in warp.

The time taken in changing pirns may be minimised by having a large pirn and a proper winding apparatus. The six

inch pirn taking up about a hank of 40s yarn adopted by the power looms may be taken as the limit in size. With such a pirn properly wound so as to minimise weft breakage, and the loom working at 80 picks, the time taken in stoppages may be reduced to 4 per cent.

Flying out of shuttle is mainly due to faults in construction of the loom, unequal wearing of the shuttle and shuttle race, irregular working and high speed. All these can easily be avoided and even a shuttle guard can be added to the handloom sleys. Under proper conditions $\frac{1}{2}$ per cent will be ample allowance for this.

The time taken in taking-up cloth and fixing temples every time after weaving six inches of cloth or so, amounts to over 12 per cent. Fixed temples with automatic taking-up motion is thus a necessity, not only for the production of even texture in cloth, but also for the saving of 12 per cent in weaving labour.

Breakages in warp in what are called improved Handlooms take up the most time, and it is due to this, that the Indian weaver cannot be induced to adopt them. If a loom can be shown working faster than his own, on medium counts without more breakages than in his old loom, he would be quite willing and ready to adopt it. These breakages are due mainly to :—

1. Bad construction.
2. Bad beaming.
3. High speed.
4. Want of correct hygroscopic condition.

The first cause can be removed by the use of wood-working machinery and proper tools.

Bad beaming has probably a greater influence on breakages than any of the others. Weavers cannot be expected to invest in costly machinery for sizing, dressing and warping and the warps made and dressed in the country fashion, which gives a special advantage to Handloom cloth, cannot properly be beamed by hand. The tension in the threads is uneven and causes a large number of breakages. The same difficulty was found in

Baroda and the finding of a cheap beaming machine for country warps has given us more trouble, than any of the other appliances. We have at last succeeded in making such a machine and breakages are reduced by over 60 per cent.

It is really surprising, how there are practically no breakages up to a certain speed, and how fast they increase, as the speed is increased beyond the limit. This limit varies with the kind of yarn, the number of threads per inch in the reed, the breadth of cloth etc., but a steady working spread of 70 to 80 picks on a 45 inch loom may be taken as a fair limit. The speed should be really limited, not by the number of picks per minute but by the shuttle velocity. Taking an average maximum shuttle velocity of 10 miles per hour, that the Handloom yarn may be expected to withstand under the best conditions, the highest working speed for the various sizes of looms may be stated as follows :—

			picks per minute.
Loom to weave	27 inches cloth.		117 Do.
Do.	36 "	Do.	97 Do.
Do.	45 "	Do.	84 Do.
Do.	54 "	Do.	72 Do.

These speeds are in the inverse proportion of 5, 6, 7 and 8 respectively.

To maintain a proper hygroscopic condition, the Indian weaver has stuck to his pit for ages. The only advantage of frame looms is that they can be put upon upper floors where land is dear, but even the power loom factories have their looms on the ground floor and that ought to teach intending investors in handlooms, that the nearer they have their looms to the ground, the better it is for their working. When the open part of the warp rests on a pit, in which a pail or two of water may be thrown when necessary, the dry surrounding air has very little action on the warp and it can be kept in proper condition for weaving without breakages. This seems to be the simplest and cheapest form of humidifiers and suits the handloom conditions admirably.

With these arrangements and a restriction of speed to 70 to 80 picks in a 45 inches loom, the breakages can be minimised and the stoppages due to them reduced to a maximum of say 12½ percent.

The total stoppages under these conditions viz properly constructed looms, with large pirns and good winding, good beaming, a proper taking up motion and a restriction of speed as above, may amount to as low as 17 per cent. Allowing double the time for stoppages as an average and making it one third, and working at a steady speed of 75 picks per minute on a 45 inches loom, the effective speed would be 50 picks or 2½ times the present effective speed of hand looms. 50 picks effective on 45'' loom with 40° yarn, will be equal to 57 picks effective on a 36'' loom or nearly the same as Mr. Churchill's loom working at 160 picks on 10' counts. The average effective speed of Bombay Power looms on coarse medium goods is only about 100 Picks per minute or double the effective speed of a properly improved handloom and on medium and fine goods, the power loom will have a still small advantage.

The results of our enquiry may thus be summarized :—

1. The sphere of handloom influence being to some extent limited, all efforts should be directed towards the increased production of very coarse, medium and fine counts weaving, and of mixed, coloured and check designs of all classes of goods, leaving the weaving of coarse medium class to the power-looms.

2. For this work cheap looms should be constructed with proper taking-up motion and allowing easy working at a steady 10 miles an hour shuttle velocity or 80 picks per minute on 45'' cloth of 40° counts, without undue breakages.

3. The best looms for Indian use would be those that can be adopted to general purposes of weaving and not such as can be used for only simple cloth or twill.

4. This speed should be maintained with a full pirn of 6 inches taking about 840 yards of 40' or half that length of 10' counts.

5. Cheap beaming machines for properly beaming country dressed warps should be adopted.

6. Proper pirn winding machines to wind firm conical pirns are necessary.

7. All efforts at producing sizing and warping machines should be directed to preserving the use of the country system of sizing and dressing, and to accelerating the speed of work, sizing machines of the slasher type being entirely unsuited to handloom work.

For the last two years, there has been a great activity in the country in producing handlooms of various designs and machines for preparatory processes, and every maker applauds his own goods. Many people have bought during the last year these—so called improved looms and appliances and found them unsuitable, sometimes for want of a proper understanding of the business, but mostly on account of the machines themselves, being unsuitable. There is thus a great necessity of authoritative examination and report of all these machines which the people can take as a guide. There is sufficient material for such an examination in the Calcutta Exhibition, and I would strongly recommend the appointment of an expert committee by the conference, to thoroughly test the loom section exhibits on the lines suggested by our enquiry, and publish a report. Any time given by busy men to this work and money spent by the conference will, in my humble opinion, be well spent in the country's service and will not be grudged by the assembled patriots.

Introduction.—Having thus fixed the best looms and appliances, the next great question will be how to introduce them to the weavers and extend their use as quickly as possible. The most practical ways that suggest to me are:—

1. Weaving Schools
2. Object Lessons
3. Monetary help.

Weaving Schools.—Many weaving schools have been and are being started in the country, but few possess a well equipped weaving factory, and without such a factory attached, where all preparatory processes and weaving in various branches suited to Indian conditions can be practically taught, the benefit derived from such schools will be very little indeed. The committee proposed above should be asked to recommend the proper equipment for school factories, and at least one school with such a factory attached should be started in every district. Baroda has sent in a model school Factory to the Exhibition and I would request every member of the conference interested in the Industry to visit it. Any suggestions for additions and alternations will be gladly received and attended to. Such a factory completely fitted up ought not to cost more than Rs 2000 to any district and I am sure the district leaders can easily find this capital. If proper fees be charged to cover the tuition charges and wastage of yarn and material by new students, a school with a factory as suggested and about 40 students, would pay all its expenses. Both theory and practice should be taught and proper attention paid to designing. It is said that the Indian weaver with his inherited skill cannot be matched in designing, but I am afraid that is an assumption not borne out by facts. Even in Benares, the home of design work in India, there are very few designers and all weavers in the sacred city have to dance attendance on these Ustads and their Chelas for the ground work of their sarees. At least one large well-equipped Institution in every Province for training of teachers and designers is also an absolute necessity.

Object Lessons.—In every weaving centre, nay in every village, with a considerable number of weavers, men trained in these schools should be set up with improved appliances to weave the class of cloths, that may be the speciality of the place when once the weavers see that more work is turned out than

they can do with their looms, they will not require any coaxing to adopt them. This can be done by every Swadesher with a small capital, not as a philanthropic work, but as a business. A few improved looms with a beaming machine can be set up either on his own account or lent to local weavers on condition, that they would pay for them by instalments after perfectly satisfying themselves, as to their usefulness.

Monetary Help:—Local Capitalists and associations can do a very great deal in this direction. They can advance money for looms and improved appliances, for yarn, store etc., and take the cloth produced for sale. In this way while helping the weavers, they would help themselves in earning a very good interest on their capital.

The Government of India have recently placed before all local Governments a comprehensive record of the results of the recent movement in this direction and many of the Provincial authorities are arranging to open weaving schools in suitable centres. The efforts of the Sholapur municipality in financing the local weaving Industry have been crowned with great success while successful co-operative weavers unions have already been started at Benares and in some towns of the Madras Presidency.

It will not, therefore, be considered too much to hope, that with a cordial co-operation between the Government and the leaders of the people, as represented by the municipalities, Local Boards and members of the district associations of the Congress and the Conference in this matter, our country may once again attain to one of the highest positions in the production of cloth, and bring back the smile of satisfaction to those engaged in the Industry, which holds the second place among the occupations of the country and the first among Industries