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**THE INDIAN OFFER OF
IMPERIAL PREFERENCE**

MR. CHAMBERLAIN ON INDIAN FISCAL POLICY.

"In my opinion, her [India's] wishes ought to be ascertained, as far as that is possible, before anything is done."—
Letter to Sir M. M. Bhownaggee, M.P., Nov. 3, 1903.

MR. BONAR LAW ON INDIAN COTTON DUTIES.

"Our present position in India is impossible. . . . What is the Unionists' proposal? We say, 'If you want to put on tariffs, put them on against the rest of the world, but be a Free Trade country to us, and we will be a Free Trade country to you.' That is our policy for India. It is a policy which we can justify, and the present policy cannot be honestly justified."—*Speech, Oldham, Nov. 9 1912.*

THE INDIAN OFFER OF IMPERIAL PREFERENCE

BY

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UNIVERSITY OF CALCUTTA**

**WITH AN INTRODUCTION BY
THE RIGHT HON. AUSTEN CHAMBERLAIN, M.P.**

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CONTENTS

	PAGE
INTRODUCTION. BY THE RIGHT HON. AUSTEN CHAMBERLAIN, M.P.	ix
CHAPTER	
I. THE OFFER	i
II. THE EXISTING FISCAL SYSTEM AND ITS CRITICS	17
III. INDIA AS A PIVOT OF IMPERIAL PREFER- ENCE	36
IV. OBJECTIONS TO INDIAN PREFERENCE ANSWERED	50
V. A SCHEME OF INDIAN PREFERENCE, WITH PRECEDENTS	68
VI. IMPERIAL PREFERENCE IN RELATION TO THE LANCASHIRE AND OTHER BRITISH INDUSTRIES	90

CHAPTER	PAGE
VII. THE VALUE OF PREFERENCE TO INDIAN INDUSTRY, COMMERCE, AND FINANCE	101
VIII. INDIAN DIGNITY AND IMPERIAL SOLI- DARITY	128
APPENDIX :—	
SPEECH BY THE HON. SIR GANGADHAR CHITNAVIS, K.C.I.E.	133
SPEECH BY THE HON. SIR GUY FLEETWOOD WILSON, G.C.I.E., K.C.B.	144
SPEECH BY THE HON. SIR GANGADHAR CHITNAVIS, K.C.I.E.	163
INDEX	167

INTRODUCTION

ENGLISH Free Traders have not infrequently invoked the existence of our Indian Empire as an insuperable obstacle to the adoption of Tariff Reform, and have charged Tariff Reformers with neglecting the study of this branch of the problem with which they have to deal. It is a charge to which the author of the following pages is not open. From the first Sir Roper Lethbridge has devoted himself with untiring energy to the elucidation of the true interests of India and their reconciliation with the special conditions of British policy and the larger interests of the Empire as a whole. He has brought to the consideration of his subject the qualifications given by long study of economic problems and by personal knowledge of Indian conditions and Indian feeling, and his writings in the Press both of India and this country have effectively contributed to the position in which the question now stands.

Hitherto, however, the question has been largely academic. A new importance and a new urgency have been imparted to it by the recent discussion in the Legislative Council of the Governor-General and by the brilliant review of India's economic position and its possible developments for which that discussion afforded an opportunity to Sir Guy Fleetwood Wilson, the Financial Member of Council. This discussion, printed as an appendix to the present work, should be studied by every one who wishes to understand the trend of Indian opinion or to grasp the present position and actual tendencies of British-Indian trade.

No one who is willing to face facts and admit the truth, even when it is unpalatable truth, will deny that the fiscal and economic policy now imposed on India by its British rulers is hateful to Indian opinion. No Tariff Reformer need dispute that, left to themselves, Indian representatives would establish a system of pure protection, directed as much against Great Britain as against the rest of the world. No candid Free Trader will pretend that in the system which we have established and maintain, with its odious excise on cotton goods manufactured in India, we are acting in accordance with Indian opinion, or even that we are

actuated *solely* by regard to Indian interests; and few will be found to believe, in face of the growing Indian opposition and the new facilities for its expression which are accorded by the recent development of representative institutions, that this system can be indefinitely maintained. If we have no alternative to a system which leaves the infant industries of India a prey to the growing competition of the rest of the world, and especially of its rivals in the Far East; if we insist on imposing an import duty on Lancashire cottons and then in the interests of Lancashire require that duty to be balanced by an excise on all cottons made in Indian power-mills, whether competitive or not, the end is certain—India will find its own alternative and will sooner or later secure its adoption.

But have we no alternative? Is there no way in which the interests of India and the requirements of its public opinion can be reconciled with the interests of the United Kingdom, and the development of India's resources be made both to serve and be served by the development of the Empire as a whole? Sir Guy Fleetwood Wilson, hampered and restricted though he was by his official position, not obscurely indicated that there was. Sir Roper Lethbridge develops and reinforces

his suggestions, and shows how on the lines of Sir Gangadhar Chitnavis' resolution Indian industry may be developed, British trade promoted, and the open sore of the present excise duties be healed. There is room for difference of opinion as to details, and the exact position which India may take in a system of Imperial Preference can only be finally determined after conference and consultation between the Indian and the British Governments ; but as a careful study of a problem which is urgent and even menacing, and as a contribution to its solution, I heartily commend this little book to the attention of my countrymen.

AUSTEN CHAMBERLAIN.

LONDON,
May, 1913.

INDEX

- | | |
|---|--|
| Angola, Preferential trade with Portugal, 116 | Chamberlain, Mr., iv, 123 |
| Armstrong, Mr., as Free Trader, supports Salt Tax, 27 | Chamberlain, Mr. Austen, ix-xii, 32 |
| Ashton-under-Lyne, Mr. Bonar Law at, 8 | Chatterjee, Mr., 57 |
| Austria-Hungary, trade of, 67, 87, 99, 108 | Chatterton, Mr., on industrial expansion, 56 |
| Austrian Tariff, 113 | Cheapening of clothing by Preference, 13, 33, 46, 82, 93, 111 |
| Balfour, Mr. Arthur, 32 | Cheapening of necessities by Preference, 13, 111 |
| Balfour's Commission, Lord, 68-75 | Chemicals, 58 |
| Basu, the Hon. Bhupendra Nath, 7 | China trade, 8, 86, 113 |
| Beaconsfield on an Imperial Tariff, 48 | Chiol, Sir Valentine, on Indian Excise, 19 |
| On tariff bargains, 114, 115 | Chitnavis, the Hon. Sir Gangadhar, xii, 2, 7, 34, 61, 75, 80, 88, 92, 106, 115, 128, 129, 131 |
| Belgium, trade of, 67 | Cigarette-making, 58 |
| Bengal National Chamber of Commerce, 5 | Cinchona industry of India, the, 19 |
| Bhupendra Nath Basu, the Hon., 7 | Clark, the Hon. Mr., 8, 22 |
| Birrell, Mr., 24 | Clothing of Indian masses cheapened by Preference, 13, 33 |
| Boots and shoes, 58 | Coal, Indian, 42, 43 |
| British competition unaffected, 56 | Cobdenism in India, 3, 4, 23, 24, 25, 26, 27, 28, 29, 30, 43, 71, 84, 93, 96, 98, 99, 104, 113, 115, 116, 117, 122 |
| Bryant and May, Messrs., 88 | Cocoa industry of India, 10, 43, 109 |
| Buck, Sir Edward, 124, 127 | Coffee industry of India, the, 10, 43, 109, 113 |
| Canada and West Indies, 68-75, 116 | Collen, Mr., on industrial expansion, 57 |
| Carpet industry, 58 | |
| Cement industry, 58 | |
| Chamber of Commerce, the Bengal National, 5, 81, 82 | |

- Consumer, Indian, 45
 Cordage, 43
 Cotton Bureau, Indian, 60
 Cotton hosiery, 57, 93, 103
 Cotton industry of India, 10,
 57, 58
 Cotton, raw, 10, 43
 Cotton, Sir Henry, K.C.S.I.,
 15, 22, 31
 Council, the enlarged Legisla-
 tive, 5
 Crewe, Lord, his speeches, 9,
 29, 50, 59, 60, 62, 64,
 93
 Indian reply to, 9, 51
 Insists on Excise duties, 29,
 30
 The *Hindu* on, 51, 52
 Cromer, Lord, and Egyptian
 Excise, 22
 Cuba, 70
 Cumming, Mr., on industrial
 expansion, 57, 105
 Curzon, Lord, saved Indian
 coffee industry, 25

 Dadabhai Naoroji, Mr., 32
 Dadabhoi, the Hon. Mr., 5, 6,
 22, 60, 61, 63, 80
 Das, the Hon. Mr. M. S., 12
 David, the Hon. Sir S., 5, 6
 Dignity, Preference necessary
 for Indian, 129-132, 142
 Dominions, India and the, 54,
 55, 97, 129, 130
 Dumping absolutely stopped
 by Preference, 15
 Dundee trade, 96, 97, 108
 Dutt, Mr. Commissioner, on
 excise duties, 21
 Dye-stuffs, 43, 58

 Earthenware, 103
 Economic relation to Empire,
 147
 Education in India, 45
 Elgin, Lord, imposed excise
 duties, 23
 Elliott, Sir Charles, 123-127
 Empire Free List, 160

 Empire trade consolidation,
 158
 Enamelled ware, 58, 99
 English language in India, 47
 Excise duties forced by
 Free Trade, 18
 Harsh levy of, 19, 20, 21
 Sir V. Chirolo on, 19
 Excise duties on Indian
 Cotton, 6, 7, 8, 15, 18, 19,
 20, 21
 Mr. Austen Chamberlain
 on, x
 Mr. Commissioner Dutt
 on, 21
 Sir Valentine Chirolo on, 19
 Sir H. Cotton on, 22

 Famine insurance, Preference
 as, 123-127
 Famine Commission, 123
 Far Eastern trade, 96, 109,
 113
 Finance Minister of India, the,
 2, 80, 106, 120, 123, 144-163
 Fiscal system, the existing, 17
 Formosa, 113
 France, trade of, 67
 France and Madagascar, 116
 Free Trade in India, 3
 Enhances cost of clothing of
 the poorest, 28
 Forbids differentiation, 23
 Imposes difficulties on
 finance, 23
 French tariff, 113

 Garnett, Mr. Tom, 23
 German trade, 66, 93, 94, 98,
 99
 Glass industry, 58, 99
 Gokhale, the Hon. Mr., 2, 5, 7,
 14, 61, 74, 80, 81, 82, 83,
 108, 117, 129
 Gold, 42, 43
 Grey, Sir Edward, and the
 Japan tariff, 40, 104
 Gunny, gunny-bags, 39, 113
 Gupta, Mr., on industrial ex-
 pansion, 57

- Hardware trade, 99
 Hides and skins, 43, 80, 83
Hindu newspaper, the, 51, 52, 107
 Hobhouse, Mr, 24
 Holland, trade of, 67
 Horse trade, the, 39

 Imperial solidarity, 131, 132, 142
 Imperial trade increased by Preference, 13
 Income tax, inelastic nature of, 27
 India, greatest employer of British industry, 37
 As Sovereign State, 131
 India within the Empire, 156
 Indian dignity increased by Preference, 13, 128-132, 142
Indian Review, the, 126
 Indigo, 43, 58, 109
 Infant industries, 34, 43, 48, 57-59, 83, 86-89, 102-109, 135, 136, 154
 Iron, ironstone, 42, 99
 Irrigation-canals, 42
 Islington, Lord, on Canada and West Indies, 68
 Italy, trade of, 67

 Japan, development of, 59, 60, 81, 103, 149
 Japan trade, 8, 47, 61, 63, 66, 86, 87, 93, 94
 Japanese Trade Commission in India, 103
 Japanese tariff, 104, 105, 112
 Java, 71, 129
 Jute, discovered by Dundee, 96
 Jute Industry of India increased by Preference, 14, 97, 108 109
 Jute, raw, export of, to Protected countries, 43, 109
 Proposed export duty on, to Protected countries, 25, 80, 81, 97, 108
 Jute trade, 96, 97

 Korea, 113
 Kushalpal Singh of Kotla, the Hon. Raja, 12

 Lac, 43, 58, 83, 108
 Lac, proposed export duty on, 25
 Lamp industry, 58
 Lancashire cotton trade freed by Preference from import-duties, 33, 86, 92-96
 Land revenue, inelastic nature of, 28
 Law, Sir E. F., 64, 80, 123, 137, 138
 Law, the Right Hon. A. Bonar, 8, 17, 38, 51, 59, 60, 63, 76, 79, 96
 Leather, 43
 Leather industry, 43, 58, 108
 Lees-Smith, Mr, M.P., 32
 List, Friedrich, 14

 Madagascar, French Preference in, 116
 Malaviya, the Hon. Pandit M. M., 8, 84
 Manganese, 42
 Manila hemp, 77
 Match trade, 86, 87, 99, 103
 Mauritius, sugar trade of, 71, 85
 Metal work, 58
 Minto, Lord, 24
 Says Tariff Reform necessary for India, 29
 Morley, Lord, his reforms, 5
 On Opium Policy, 62
 "Most-favoured-nation" clause, 41
 Mozambique, Preferential trade with Portugal, 116
 Mudholkar, the Hon. R. N., 5, 7

 Nascent industries, strangled by Free Trade, 28, 34, 43, 48, 57-59, 83, 86-89, 102-109, 135, 136, 154
 Natesan, G. A., on Indian wheat, 126

- Necessaries of Indian masses
cheapened by Preference,
113
- Norwegian trade, 103
- O'Connor, Mr., 87
- Oil industry, the, 18, 58, 108
- Oil-seeds, 43, 83, 120, 121, 122
- Oldham, Mr. Bonar Law at, 8
- Opium duties, 18
- Opium revenue, 29, 133, 144
- Paper industry, 58
- Partab Singh, the Hon., 7
- Pasteboard industry, 58
- Paton, Mr. Noel, on sugar, 83
- Payne-Aldrich Tariff Act, 75
- Pencil industry, 58
- Perfumes, 58
- Philippine Islands, 70, 76-79,
100, 116
- Planters, The Preferential
Resolution of, 9, 10, 11,
109
- Playfair, Sir Patrick, 62
- Porcelain, 103
- Porto Rico, 70
- Portugal, Preference with
Angola, 116
- Pottery industry, 58
- Preference, the political value
of, 11
- Better than Protection, 15,
53, 54
- Gives scientific tariff, 117
- Security for Indian com-
merce in war, 117, 118
- Valuable to debtor Country,
118, 119
- Financial value of, 119, 120,
121, 122
- Gain in freights, 123
- Producing power of India, 37,
42, 43
- Protection, the demand for, 5,
14, 31, 32, 106, 150
- Equal for Britain and India,
53
- Quinine industry, the, 10
- Raiyat*, Preference helps the,
33
- Raja Ram Rao, Rao Bahadur,
87
- Rama Iyengar, the Hon. Mr.,
12
- Ranade, Mr. Justice, 74, 80
- Reciprocity, 33, 34, 40, 41, 115
- Resolution, the Indian Prefer-
ence, 1, 133
- Retaliation, no danger of, 13,
64, 65, 66, 67, 72, 73,
138-142
- Revenue increased by Prefer-
ence, 116
- Review*, Indian, 126
- Rice, export of, 26, 39
- Rubber industry of India, the,
10, 109
- Russia, trade of, 67
- Russian tariff, 104, 113
- Saddlery, 58
- Sahasrabudhe, Mr., on sugar
trade, 107
- Salt Tax, the, 18, 26, 27
- As a typical Free Trade
tax, 27
- Lightened by Preference,
117
- Sassoon, Sir Edward, on
Indian dignity, 130, 132
- Scandinavian trade, 87, 103
- Schuller. Dr R., 113
- Shams-ul-Huda, the Maulavi
Sayyid, 6
- Silk fabrics, 103
- Silk industry, 57, 109
- Silver tax, 80
- Sinha, the Hon. S., 5, 8
- Soap making, 58
- Solidarity, Imperial, 131, 132,
142
- Spices, 43
- Sri Ram, the Hon. Rai Baha-
dur, 12
- Steel industry, 57, 99
- Straits Settlements, sugar
trade of, 85
- Subba Rao, the Hon., 8

- Sugar imports, 39, 80, 83, 84-88, 107
 Sugar industry of India, 43, 57, 71, 85, 106-108
 Sweden, trade of, 87, 103
 Tanning industry, 43, 83, 108
 Tariff bargains, 112, 113, 114, 115
 Tariff Commission, the, 80, 123
 Tariff, the present, 17
 "Tariffs at Work," by Higginson, 90
 Tata steelworks, the, 88
 Tattersall, Mr. W., 23
 Tea industry of India, the, 10, 43, 109
 Thackersey, the Hon. Sir V., 5, 7, 61, 80, 108
 Timber, 42
 Tin, import of, 39
 Tobacco industry of India, the, 18, 24, 58, 109
 Toys, 58
 Travancore, H.H. Maharaja of, 87
 Umbrella industry, 58
 United Planters' Association, 9-11, 109
 United States and Philippines, 75-79, 100, 116
 United States, trade of, 67, 75-79, 100
 Varnish and paints, 58
 Wedderburn, Sir W., 32
Wednesday Review, the, 87
 West Indies and Canada, 68-75, 116
 Westland, Sir James, on the mandate, 3
 Wheat, Indian, 11, 43
 As famine insurance, 124-127
 Wilson, the Hon. Sir G. F., x, 2, 80, 106, 144-63
 Woollen industry, the, 18, 57, 98, 109
 Yorkshire woollen industry, 98

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