SAFEGUARDING AND PROTECTION
IN GREAT BRITAIN AND THE UNITED STATES

By
FRANCIS W. HIRST

Author of "The Life of Thomas Jefferson" and
"The Early Life and Letters of John Morley"

The first object of this book is to present to English readers at home, in the United States and in the British Colonies, a clear statement of the modern theory and practice of Protection, as they appear in the policy of Mr. Baldwin and the Fordney Tariff of the United States. A chapter on War Debts and another on European Tariff Walls will help to shew what benefits British and American statesmen, if they could perceive th of Political Economy, might upon a distressed and disordered World.
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LIFE OF THOMAS JEFFERSON
Macmillan & Co.

EARLY LIFE AND LETTERS OF JOHN MORLEY
Two volumes.
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IN GREAT BRITAIN AND THE UNITED STATES

By
FRANCIS W. HIRST

LONDON
RICHARD COBDEN-SANDERSON
17 THAVIES INN
1927
THIS BOOK IS INSCRIBED
BY HIS FRIEND AND ADMIRER THE AUTHOR
TO SIR HUGH BELL, BART.
PREFACE

The first object of this book, which originated in a pamphlet written at Sir Hugh Bell’s request a year ago, is to present to English readers at home, in the United States and in the British Colonies, a clear statement of the modern theory and practice of Protection as they appear in the Safeguarding and Preferential policies of Mr. Baldwin and in the almost prohibitively protectionist (Fordney) tariff of the United States. A chapter on the War Debts and another on European Tariff Walls will help to show what benefits British and American statesmen, if they could but perceive the Truth and the Light of political economy, might bestow upon a distressed and disordered world.

The Appendices and a very complete Index will, I hope, add considerably to the utility of the work.

F. W. H.

London, March 1st, 1927.
INTRODUCTION

As a general defending a territory varies his formations to meet the changing tactics of invading armies, so the free trade argument has to be reshaped from time to time against the old sophistries disguised under new masks and new names to conceal their identity with a discredited past.

After the repeal of the Corn Laws no practical British politician of the last century dared to call himself a protectionist. Memories of the Hungry Twenties and Thirties and Forties were too fresh. Fair Trade, Reciprocity or Retaliation were the words employed to hide the old policy of robbing everybody in order to enrich a privileged few. Even so “Fair Traders” and “Retaliationists” proposed universal free trade as their ultimate object. We were to close our ports in order to make other nations open theirs. We were to raise prices in Britain, in order to induce the German and American Governments to lower prices in Germany and the United States. We were to erect a protective tariff and enact artificial scarcity, in order that our trade rivals and commercial “enemies” might demolish theirs and adopt the gospel of free exchange and untaxed plenty. It reminds one of the military theory that you should declare “preventive” war on a neighbour in order to make him peaceful.

After “Fair Trade” came “Tariff Reform,” with Mr. Joseph Chamberlain as its standard-bearer. When that had been exposed and defeated, the Great War
INTRODUCTION

afforded another opportunity to our protectionists. Betrayals of free trade by its leaders gave them new heart, till at last in 1923, encouraged by the trade depression, Mr. Baldwin came boldly into the open with a Protective and Preferential Tariff as a cure for unemployment. The people's answer was decisive; and before the red letter business gave them another chance the Conservative Party very wisely announced that they had accepted the verdict and would not seek another mandate for protection. But, thanks to the elections in 1924, Mr. Baldwin now commands a large parliamentary majority who are mostly protectionists, though they won their seats as Anti-Communists. So the blessed word “Safeguarding”—first adopted by the post-war Coalition Government—has been resurrected for the purpose of concealing from the public eye a new series of protective and preferential duties.*

This brief glance at recent history explains why a new book was thought requisite to elucidate new fictions, reaffirm old truths and rouse Englishmen from a false sense of security. The price of freedom in business and trade, as well as in the political sphere, is eternal vigilance. In the eyes of too many statesmen, representative institutions exist in order to be “wangled.” For them politics is the art of dissembling. Political words in their mouths are like bad coins in the hands of cheating money-changers. True the country voted only two years ago against protection. “It did not vote against safeguarding,” is the reply. “But,” we rejoin, “there is no difference between a protective duty of 33 per cent. and a safeguarding duty of the same

* The very first meaning given for “Safeguard” in Murray’s Oxford Dictionary happens to be “Protection.”
INTRODUCTION

amount.” Our statesmen answer, “That’s as it may be. We have carried out our pledge to the letter.”

Even that statement is not true. In his first budget Mr. Churchill included a number of protective duties without passing them through the sham process which goes by the name of safeguarding. In his second (1926) budget he played the same game by a new protective duty on commercial motor-cars as well as by re-enacting and raising the so-called Key Industry duties.

It is our duty as free traders to make all this plain to the country. At the same time we have to examine the nature and extent of the mischief, and let it be seen how much of the poison of corruption and favouritism has been injected into our industrial and fiscal system since the General Election of 1924.

In order that a small book may serve a large purpose I have also presented in a popular form the scientific foundation for free trade as well as a brief refutation of some fashionable fallacies by which simple folk are sometimes beguiled. An additional chapter on the American Customs Union may serve to show why that immense political and commercial federation of forty-eight states gains more from free trade than it loses by protection.

Common sense tells us that restraints on business are generally bad, that red tape strangles enterprise, that taxes on goods in transit will reduce the volume of transactions, that wage earners will suffer if the things they buy are made artificially dear, that legislation to increase the cost of living and production must be especially disastrous to a populous manufacturing and commercial country like ours—and so on and so on.

But not every one who feels all this can explain the
INTRODUCTION

faith that is in him or expose the verbal tricks and sleek illusions of a plausible protectionist. I have therefore tried to set out in simple language the philosophy of free trade—how men and nations gain by exchanging their surplus products and why tariff barriers are impediments to peace and goodwill.

The mischief already done is substantial; the danger is great and pressing. Men and women of public spirit, citizens of the world, who see the mischief and recognise the danger, should bestir themselves to recover lost ground, ere it is too late.

Not long ago, in a suggestive and scholarly address to the Classical Association, the Prime Minister touched on the causes of the fall of the Roman Empire. Among them he mentioned the over-taxation of the provinces and the decadence of the Roman character. When the Roman word ceased to be trusted, he remarked, it was not surprising that the Roman Empire fell to pieces. Nor did he fail to apply the moral. The British Empire has been built up by similar virtues, by the strength of the British character, by faith in the British word. The analogy he thought was near enough to convey a lesson. Let us not fall away from the qualities of our ancestors, nor fail to take warning from “the danger signals of history.” Perhaps, then, Mr. Baldwin is really beginning to feel his financial policy and the safeguarding measures are shaking public faith in his pledged word. If so, he will prohibit any further encroachment on free trade and repair as soon as may be the damage done.

The substitution of the word “safeguarding” for “protective” has been supposed to exonerate the Prime Minister and his supporters from the charge that, in
INTRODUCTION

spite of all their assertions to the contrary, they are in fact undermining our free trade system. Yet it is only a little more than three years since their own proposals for a protective tariff were submitted to the country and decisively rejected. As for the General Election of 1924, we all know that it turned on Communism and Socialism. Consequently the present Administration has neither political mandate nor moral authority to reverse piecemeal that liberal policy of free trade or free exchange which the people of Great Britain have consistently supported for the last eighty years.

Of the four new classes of protective duties, which were recommended to Parliament in the autumn of 1925 and, with one exception, carried in December, those on cutlery will constitute a pretty heavy tax on every household, and especially upon young people who are setting up in married life. They impose a new burden on the breakfast table and the dinner table. The duties on wrapping paper imposed in the budget of 1926 constitute a burden on every shopkeeper as well as upon many wholesale merchants and manufacturers. The glove taxes penalise hundreds of thousands of women who can ill afford to increase their clothing bills. Finally, the tax on gas mantles is a tax on artificial light, which is surely an essential of existence in a civilised community.

If free traders had required working models of protection over and above the duties on clocks and watches, silk, motor-cars, etc., imposed by Mr. Churchill in his first budget, their needs have been amply supplied in his second.

Every protectionist success since 1914 has been won with the assistance of war, waste or public extravagance.
INTRODUCTION

It is by this unholy alliance that our tariff reformers hope to overthrow the financial system established by the constructive genius of Sir Robert Peel and Mr. Gladstone under the inspiration of Adam Smith and Richard Cobden. That system was marked by strict economy, justice and impartiality. The old practices of jobbery and favouritism were swept away. The use of public loans, or customs duties, or subsidies, to reward the relatives and friends and supporters of a ministry or to induce wealthy tradesmen and manufacturers to contribute to the party funds was put an end to. Titles were not sold to the highest bidder. All the servants of the State were encouraged to be economical, and every form of waste and extravagance was severely discountenanced. By these means the indirect taxes were reduced far below their present level, so that in respect of taxation the middle and working classes of Great Britain in the 'eighties and 'nineties of the last century were far better off than they are now. Before the Boer War the purchasing power of the pound was nearly double what it is to-day.

British credit was in such esteem that in 1897 our 2½ per cents. rose to 110—of late they have been below 95! Our revenue system, the envy and admiration of the world, was based on the four practical maxims or canons of taxation formulated by Adam Smith:—

(1) The subjects of every State should contribute in proportion to their respective abilities.

(2) A tax should be certain, and not arbitrary.

(3) A tax should be levied at the time and in the way most convenient to the taxpayer.

(4) Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury.

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A Government which applies the fourth maxim to its customs tariff is bound to eliminate the protective element from every duty. It was a new idea to the contemporaries of Adam Smith. But it was obviously true and right. There was soon a general agreement among economists that the sole purpose of a tax should be to bring in revenue; but it was left for Sir Robert Peel and Mr. Gladstone between 1842 and 1860 to achieve that purpose by repealing protective Customs duties or by adding a corresponding excise duty upon the same article produced at home, as in the case of beer and spirits. Bounties and subsidies were abandoned. They have been revived—with what mischievous results I have tried to set forth in Chapter VII. The result of the financial measures taken by Peel, Gladstone and their successors was to reduce enormously the burdens upon our people, to free commerce from a multitude of vexatious restrictions, and to raise by means of a dozen indirect taxes a far larger revenue than had previously been raised from thousands. It is a sad commentary on our supposed progress in the art of government that a financial system so scientific and so perfect as ours should be sinking back, degraded and debased, into the wasteful inefficiency and corruption from which it was purged by the heroic labours of Peel and Gladstone.
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APPENDIX I

SIGNATORIES to the International Manifesto of October, 1926, with the standing and business description of the individuals and the reservations of the French and Italian signatories.

AUSTRIA

Oscar Berl . . . . Merchant.
Dr. Otto Bohler . . Steel Manufacturer.
Dr. Siegmund Brosche . Chemical Manufacturer.
Dr. Paul Hammerschlag . Oesterreichische Credit-Anstalt für Handel und Gewerbe.

Alfred Heinsheimer . . Managing Director Vienna Bank-Verein.

Dr. Arthur Krupp . . Berndorfer Metallwaren-Fabrik.
Julius Meinl . . . . Manufacturer.
Ludwig Neurath . . Oesterreichische Credit-Anstalt für Handel und Gewerbe.

Dr. Joseph Redlich . . Ex-Minister.
Dr. Richard Reisch . . President Austrian National Bank.
Rudolf Sieghart . . President Boden-Credit-Anstalt.
Fritz Tilgner . . . . President Austrian Chamber of Commerce.
Ludwig Urban . . . . President des Hauptverbandes der Industrie Oesterreichs.

BELGIUM

J. Carlier . . . . Vice-President Council of Industry and Commerce.

M. Desprez . . . . President Banque de Bruxelles.
Charles Fabri . . . . Managing Director Banque d’Outremer.
SAFEGUARDING AND PROTECTION

E. Franqui . . . . Vice-Governor Société Générale de Belgique.
F. Hautain . . . . Governor Banque Nationale de Belgique.
J. Van Hoegaerdens . Director General S.A. d'Ougrée Marihaye.
J. Jadot . . . . Governor Société Générale de Belgique.
O. Lepreux ... Vice-Governor Banque Nationale de Belgique.
P. M. Philippson . Banker.
R. Tilmont . . . . Director Banque Nationale de Belgique.
P. Trasenster . . . President S.A. d'Ougrée Marihaye.
T. Wiener . . . . Vice-President Crédit Générale Liégeois.
Paul Van Zeeland . . . Director Banque Nationale de Belgique.

CZECHOSLOVAKIA

Dr. Josef Barton . . President of the Czechoslovak Textile Manufacturers' Association.
Dr. O. Feilchenfeld . Managing Director of the Böhmische Eskompt Bank.
Dr. Hanus Karliik . President of the Central Association of Czechoslovak Sugar Industry.
Dr. Bohuslav Marik . Chairman of the Ceskomoravská-Koblen A. G.
Jan Novotný . . . . General Director Pramyslova Bank.
Dr. Vilem Pospisil . Governor of the Czechoslovak National Bank.
Dr. Jaroslav Preiss . General Manager Zinnostenska Bank.
Dr. Vaclav Schuster . President of the Allgemeiner Böhmischer Bankverein.
Dr. Adolf Sonnenschein Director Vitkovice Iron Works.
Dr. Eduard Stutz . Vice-Chairman of the Böhmische Union Bank.

DENMARK

C. C. Clausen . . . . Manager Privatbanken of Copenhagen.
APPENDIX

Emil Hertz . . . . Manager Danske Landmansbank.
Ernst Meyer . . . . Chairman of the Merchants' Guild.
Etatsraad Fr. Norgaard General Manager Copenhagen Handelsbank.
P. P. Pinstrup . . . . Chairman Council of Agriculture.

FRANCE.

"Les soussignés, craignant que des passages du plaidoyer puissent donner lieu à certaines divergences d'interprétation, tiennent à préciser les points sur lesquels ils sont d'accord.

Ils estiment que l'état d'instabilité et de désordre économique dans lequel se débattent à l'heure actuelle les pays Européens a son origine dans les conséquences de la guerre et, en particulier, dans les crises monétaires qui en sont résultées. Ils croient que, pour éviter l'aggravation d'une situation inquiétante, il convient, avant tout que les pays où la monnaie n'est pas encore stabilisée s'abstiennent le plus rapidement possible vers une monnaie saine : ces pays le pourront d'autant plus aisément que les relations économiques entre les peuples seront rétablies sur des bases normales favorisant les échanges commerciaux.

Ils pensent, à cet égard, que l'élévation ou la rigidité excessives de certains systèmes tarifaires, les excagérations directes ou indirectes de protectionnisme, de discrimination ou de préférence, les obstacles apportés aux transactions internationales par des réglementations abusives des transports, doivent être condamnés.

Ils se déclarent en conséquence favorables à toutes mesures qui tendraient à la suppression de telles barrières artificielles, qui s'opposent à la libre reprise des relations économiques d'avant guerre entre les nations.

Ils ne sauraient, en effet, oublier qu'il est impossible à aucun Etat moderne de vivre et de prospérer sans entretenir avec les autres Etats des rapports commerciaux et que, par suite de l'étroite interdépendance entre les peuples, ce n'est que par un échange mutuel de services de crédits et de marchandises que l'équilibre économique mondial peut être finalement obtenu."

R. P. Duchemin . . . . Président de la Confédération Générale de la Production Française ; Président de l'Union des Industries Chimiques.

Horace Finaly . . . . Directeur Générale de la Banque de Paris et des Pays Bas.

E. Fougère . . . . Président de l'Association Nationale d'Expansion Économique ; Président de la Fédération de la Soie.
SAFEGUARDING AND PROTECTION

R. LAEDERICH ... Régent de la Banque de France; Président du Syndicat Générale de l’Industrie Cotonnière.
M. LEWANDOWSKI ... Administrateur-Directeur du Comptoir National d’Escompte de Paris.
R. MASSON ... Directeur Générale du Crédit Lyonnais.
H. DE PEYERMHOFF ... Président du Comité Central des Houillères de France.
P. RICHEMOND ... Administrateur de la Banque Nationale de Crédit; Président de l’Union des Industries Métallurgiques et Minières.
CH. SERGENT ... Ancien Sous-Secrétaire d’Etat aux Finances; Président de la Banque de l’Union Parisienne.

GERMANY.

GEH. KOMMERZIENRAT DR. BOSCH ... Chairman Chemical Trust, Heidelberg.
GEHEIMRAT FELIX DEUTSCH ... Chairman General Electric, Berlin.
DR. CARL MEICHOR ... M. M. Warburg & Co., Hamburg.
FRANZ VON MENDELSOHN ... Banker, Berlin.
DR. SCHACHT ... President of the German-Reichsbank.
KARL FRIEDRICH VON SIEMENS ... Chairman Siemens Bros., Berlin.
FRANZ URBIG ... Disconto Gessellschaft, Berlin.
GENERALDIREKTOR VOGLER ... Steel Trust Dortmund.
F. H. WITTHOEPPT ... Senior Partner Arnold Otto Meyer, India Merchants, Hamburg.

GREAT BRITAIN.

SIR ARTHUR BALFOUR ... Chairman Arthur Balfour & Co., Ltd., Sheffield.
HENRY BELL ... Director Lloyds Bank, Ltd.
SIR HUGH BELL, BART. ... Ironmaster.
LORD BRADBURY ... Director Williams Deacons Bank, Ltd.
WILLIAM CARNegie ... General Manager National Bank of Scotland, Ltd.
W. H. COATS ... Chairman J. and P. Coats, Ltd.
SIR JOHN COWAN ... Chairman Redpath, Brown & Co.
LAURENCE CURRIE ... Glyn, Mills & Co.
APPENDIX 141

F. C. GOODENOUGH . . Chairman Barclays Bank, Ltd.
NORMAN L. HIRD . . General Manager and Director Union Bank of Scotland, Ltd.
ROBERT M. HOLLAND-MARTIN, C.B. Chairman Bank of Liverpool and Martin's, Ltd.
WILLIAM HOWARTH . . President Textile Institute.
LORD INCHCAPE . . Chairman Peninsular and Oriental Steam Navigation Co., Ltd.
LORD INVERNAIRN . . Chairman W. Beardmore & Co.
WALTER LEAF, D.LITT. . Chairman Westminster Bank, Ltd.
KENNETH LEE, LL.D. . Chairman Tootal, Broadhurst, Lee & Co., Ltd.
SIR FREDERICK LEWIS . . Chairman Furness, Withy & Co., Ltd.
LORD MACLAY OF GLASGOW . . Shipowner.
ANDREW MCCOSH . . Chairman William Baird & Co., Ltd.
RIGHT HON. REGINALD MCKENNA . . Chairman Midland Bank, Ltd.
SIR ADAM NIMMO . . Chairman of the Scottish Coal Owners' Association.

A. A. PATON . . Chairman Liverpool Cotton Assocn.
J. W. BEAUMONT PEASE . . Chairman Lloyds Bank, Ltd.
EUSTACE R. PULBROOK . . Chairman of Lloyds.
LORD REVELSTOKES . . Baring Bros. & Co., Ltd.
ALEXANDER ROBB . . General Manager Commercial Bank of Scotland.
LIONEL N. DE ROTHSCHILD . . N. M. Rothschild & Sons.
SIR FELIX SCHUSTER, BART. . Director National Provincial Bank.
GEORGE J. SCOTT . . Treasurer and General Manager Bank of Scotland.
SIR JOSIAH STAMP . . President of the Executive of the London Midland and Scottish Railway.
SIR D. M. STEVENSON, BART. . Ex-Chairman British Coal Exporters' Federation.
REES GRIFFITH THOMAS . . General Manager British Linen Bank.
DOUGLAS VICKERS . . Chairman Vickers, Ltd.
SIR GLYNN H. WEST . . Chairman Rylands Bros., Ltd.
WILLIAM WHITELAW . . Chairman London and North Eastern Railway.
SIR PERCY WOODHOUSE . President Manchester Chamber of Commerce.
SIR ALEXANDER KEMP General Manager Royal Bank of Scotland.
D. YOUNG . . . General Manager Clydesdale Bank.

HOLLAND.

F. H. FENTENER VAN VLISSINGEN . Manufacturer, Utrecht.
E. HELDRING . . . President Chamber of Commerce, Amsterdam.
DR. P. HOFSTEDE DE GROOT Managing Director Amsterdamsche Bank.
DR. W. A. MEES . . . R. Mees & Zoonen, Bankers, Rotterdam.
DR. Q. J. TERPSTRA . Shipbuilder, Rotterdam.
TH. VAN WELDEREN BARON RENGERS.
DR. G. VISSELING . . . President Nederlandsche Bank, Amsterdam.

HUNGARY.

ANTHONY EBER . . . General Manager Hungarian Italian Bank.
HENRY FELLNER . . . Chairman First Hungarian Steam Milling Co. of Budapest.
APPENDIX

Baron John Harkanyi . Ex-Minister of Commerce.
Baron Maurice Kornfeld . Director National Bank of Hungary.
Baron Paul Kornfeld . Director Hungarian General Credit Bank.
Baron Marcel Madarassy-Beck . President Hungarian Discount and Exchange Bank.
Emil Mutschenbacker . Managing Director Hungarian Agricultural Union.
Count Ladislas Somssich . President Agricultural Union.

ITALY.

"The undersigned, whilst signifying their agreement with the spirit which has dictated the above manifesto, wish to place on record that had it been possible for them to co-operate in the framing of the document they would have preferred to give a different and more precise form to some of its passages. Above all, they would have liked that criticism should have been exercised not only as regards the excessive height of Customs tariff and the rigidity of Customs regulations in force in some countries, but also in respect of all the numerous forms of direct or indirect protection, discriminations or preferences, artificial subsidies and restrictions on emigration."

"With such reservations they willingly subscribe to the manifesto."

G. Agnelli . . . . President "Fiat" Co.
Antonio Stefano Benni . President of the General Fascist Confederation of Italian Industries.
Biagio Borriello . . . Vice-President Union of Chambers of Commerce.
Ettore Conti . . . . Senator and Industrialist.
Riccardo Gualino . . . President "Snia Viscosa."
Felice Guarneri . . . . Director General Association of Italian Corporations.
Gino Olivetti . . . . Chief Secretary General Fascist Confederation of Italian Industries.
Nicola Pavoncelli . . . President of the Board of the Bank of Italy.
Alberto Pirelli . . . . President Association of Italian Corporations.
L. Toeplitz . . . . Administrator Banca Commerciale Italiana.
SAFEGUARDING AND PROTECTION

NORWAY.

Cæsar Bang . . . . President Federation Norwegian Industries.
E. G. Borch . . . . President of the Royal Agricultural Society of Norway.
Sir Thomas Fearnley . Shipowner.
Kamstrup Hegge . . . President of Association of Norwegian Private Banks.
Hieronymus Heterdaahl . Chairman Christiania Bank of Kreditkasse.
A. F. Klaveness . . . Shipowner.
N. Rygg . . . . . . President of the Bank of Norway.
H. Westfal-Larsen . . . President Norwegian Shipowners' Association.
Wilh. Wilhelmsen . . . Shipowner.

POLAND.

Dr. Henry Aschkenovi . Managing Director Banque d'Escompte de Varsovie.
Stanilaw Karpinski . . President Banku Polskiego.
A. De Wieniawski . . . Vice-President Banque de Commerce.

ROUMANIA.

Maurice Blank . . . . Vice-President Banque Marmoresch, Blank & Co., Bucharest.
M. Oromulu . . . . . . Governor Banque Nationale de Roumanie.

SWEDEN.

Gust Ekman . . . . . . General Manager Goteborgs Bank.
Ivar Kreuger . . . . . . Managing Director Svenska Tandsticksaktiebolaget, Stockholm.
O. Rydebeck . . . . . . General Manager Skandinaviska Kreditaktiebolaget.
APPENDIX

Helmer Sten . . . General Manager Aktiebolaget Svenska Handelsbanken.

SWITZERLAND.

G. Bachmann . . . President Banque National Suisse Zurich.
Frederick Dominie . . Adm. Union Financière de Genève.
Leopold Dubois . . . Chairman Société de Banque Suisse.
Albert Lombard . . . Vice-President Swiss Association of Bankers.
Rudolf Sarasin . . . President Chamber of Commerce, Basle.
Carl Sulzer Schmid . . President Gebruder Sulzer Aktiengesellschaft, Winterthur.

UNITED STATES.

Melvin A. Traylor . . President First National Bank, Chicago.
APPENDIX II

OVERSEAS TRADE OF GREAT BRITAIN.*

The overseas trade returns for January, 1927, supplied the usual statistics showing imports, exports and re-exports for the past year. In the Board of Trade Journal these figures are supplemented by an analysis showing the proportions of our trade with various parts of the world to our total trade. For purposes of comparison with earlier years, trade with the Irish Free State has been excluded. In 1926 imports from that country represented 3.29 per cent. of our total trade, exports 5.33 per cent., and re-exports 8.29 per cent. The following table shows the proportions of our trade with the rest of the British Empire and with foreign countries in 1913, 1924, 1925 and 1926:

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</tbody>
</table>

The increase in the proportion of imports from foreign countries in 1926, in comparison with 1925, is chiefly due to the coal stoppage, as emergency supplies of fuel and iron and steel came mainly from foreign countries. Excluding coal, the proportion of imports from foreign countries was 71.73 per cent. in 1926, compared with 70.37 per cent. in 1925, and of exports 54.02 per cent., against 58.50 per cent. In 1925 we exported coal to the value of about £45,000,000 to foreign countries and £3,000,000 to British countries, while in 1926 the corresponding figures were £17,000,000 and £3,000,000.

The next table summarises the distribution of our trade by Continents, trade with the Irish Free State again being omitted:—

* Abbreviated from an article in the Economist of February 19th, 1927.
As regards imports, the most noticeable feature is the large increase in 1926 of imports from Europe. This was mainly due to imports of coal, and the large fall in exports to Europe was mainly due to decreased exports of coal.

A detailed analysis of the figures shows how trade with various countries has fluctuated. Imports from and British exports to the principal European countries measured by sterling prices are shown in the following table:—

(000's omitted.)

<table>
<thead>
<tr>
<th>Year &amp; Class of Trade</th>
<th>Europe</th>
<th>Africa</th>
<th>Asia</th>
<th>North Amer’ia</th>
<th>South Amer’ia</th>
<th>Australasia, &amp;c.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Imports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1913</td>
<td>40.53%</td>
<td>6.10%</td>
<td>12.71%</td>
<td>23.86%</td>
<td>9.06%</td>
<td>7.74%</td>
<td>100.00</td>
</tr>
<tr>
<td>1924</td>
<td>33.30%</td>
<td>7.76%</td>
<td>13.56%</td>
<td>27.72%</td>
<td>8.70%</td>
<td>8.77%</td>
<td>100.00</td>
</tr>
<tr>
<td>1925</td>
<td>32.73%</td>
<td>7.72%</td>
<td>13.56%</td>
<td>27.39%</td>
<td>8.71%</td>
<td>8.90%</td>
<td>100.00</td>
</tr>
<tr>
<td>1926</td>
<td>36.53%</td>
<td>6.77%</td>
<td>12.59%</td>
<td>26.38%</td>
<td>8.62%</td>
<td>9.14%</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>British Exports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1913</td>
<td>34.64%</td>
<td>9.87%</td>
<td>13.55%</td>
<td>27.39%</td>
<td>9.11%</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>1924</td>
<td>33.49%</td>
<td>10.36%</td>
<td>24.30%</td>
<td>13.02%</td>
<td>7.99%</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>1925</td>
<td>32.01%</td>
<td>11.61%</td>
<td>22.83%</td>
<td>13.01%</td>
<td>11.43%</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>1926</td>
<td>26.29%</td>
<td>12.00%</td>
<td>25.24%</td>
<td>14.18%</td>
<td>13.36%</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td><strong>Re-exports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1913</td>
<td>56.02%</td>
<td>3.31%</td>
<td>4.28%</td>
<td>32.26%</td>
<td>3.96%</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>1924</td>
<td>67.36%</td>
<td>2.94%</td>
<td>1.94%</td>
<td>21.67%</td>
<td>4.80%</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>1925</td>
<td>66.21%</td>
<td>2.87%</td>
<td>1.85%</td>
<td>24.45%</td>
<td>3.49%</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>1926</td>
<td>64.45%</td>
<td>3.48%</td>
<td>2.77%</td>
<td>25.17%</td>
<td>2.81%</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

As regards imports, the most noticeable feature is the large increase in 1926 of imports from Europe. This was mainly due to imports of coal, and the large fall in exports to Europe was mainly due to decreased exports of coal.
SAFEGUARDING AND PROTECTION

With the insignificant exception of Hungary no country in the above list took a larger value of British exports in 1926 than in 1925, and in most cases the decreases were heavy, particularly in the cases of France, Italy and Holland. The value of British exports to Europe in 1926 was substantially lower than in 1913, and allowing for the increase in prices the falling-off in volume was very heavy.

The next table shows British imports from and exports to the United States and other foreign countries outside Europe:

(000's omitted.)

<table>
<thead>
<tr>
<th></th>
<th>Imports from</th>
<th>Exports to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913.</td>
<td>1924.</td>
</tr>
<tr>
<td>United States</td>
<td>143,854</td>
<td>244,878</td>
</tr>
<tr>
<td>Cuba</td>
<td>3,675</td>
<td>12,420</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,880</td>
<td>5,935</td>
</tr>
<tr>
<td>Argentina</td>
<td>42,485</td>
<td>78,100</td>
</tr>
<tr>
<td>Brazil</td>
<td>10,006</td>
<td>4,794</td>
</tr>
<tr>
<td>Chile</td>
<td>5,359</td>
<td>10,911</td>
</tr>
<tr>
<td>Peru</td>
<td>3,178</td>
<td>9,720</td>
</tr>
<tr>
<td>Uruguay</td>
<td>2,749</td>
<td>5,452</td>
</tr>
<tr>
<td>Japan</td>
<td>4,389</td>
<td>7,454</td>
</tr>
<tr>
<td>China</td>
<td>4,672</td>
<td>13,765</td>
</tr>
<tr>
<td>Turkey (Asiatic)</td>
<td>4,251</td>
<td>1,903</td>
</tr>
<tr>
<td>Egypt</td>
<td>21,395</td>
<td>38,268</td>
</tr>
<tr>
<td>Other countries</td>
<td>9,917</td>
<td>26,626</td>
</tr>
<tr>
<td>Total</td>
<td>257,812</td>
<td>461,286</td>
</tr>
</tbody>
</table>

It will be seen that the value of American products bought by Great Britain is four or five times that of British products bought by the United States.

More than half the 1926 fall in imports is accounted for by the United States and Cuba, but heavy declines are also shown by Chile (nitrate imports having dropped by over 50 per cent.) and Egypt. The lower value of imports from both the United States and Egypt was partly due to a fall in the price of raw cotton. Imports from China were £2,000,000 lower than in 1925, but the figure of £11,500,000 compares with only £4,500,000 in 1913.

Our last table gives the figures of trade with the various States of the British Empire:—
APPENDIX

(000's omitted.)

<table>
<thead>
<tr>
<th></th>
<th>Imports from</th>
<th></th>
<th></th>
<th>Exports to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913.</td>
<td>1924.</td>
<td>1925.</td>
<td>1926.</td>
</tr>
<tr>
<td>Canada</td>
<td>£ 30,488</td>
<td>£ 66,062</td>
<td>£ 70,727</td>
<td>£ 64,193</td>
</tr>
<tr>
<td>Australia</td>
<td>£ 38,965</td>
<td>£ 59,234</td>
<td>£ 72,749</td>
<td>£ 61,045</td>
</tr>
<tr>
<td>New Zealand</td>
<td>£ 20,338</td>
<td>£ 47,020</td>
<td>£ 61,332</td>
<td>£ 46,824</td>
</tr>
<tr>
<td>India and Ceylon</td>
<td>£ 56,218</td>
<td>£ 92,648</td>
<td>£ 97,034</td>
<td>£ 75,637</td>
</tr>
<tr>
<td>South Africa</td>
<td>£ 12,495</td>
<td>£ 18,049</td>
<td>£ 26,195</td>
<td>£ 18,913</td>
</tr>
<tr>
<td>West Africa</td>
<td>£ 5,174</td>
<td>£ 13,183</td>
<td>£ 13,784</td>
<td>£ 12,539</td>
</tr>
<tr>
<td>Mauritius</td>
<td>£ 293</td>
<td>£ 3,686</td>
<td>£ 1,421</td>
<td>£ 3,522</td>
</tr>
<tr>
<td>Straits Settlements</td>
<td>£ 15,580</td>
<td>£ 40,683</td>
<td>£ 18,770</td>
<td>£ 19,890</td>
</tr>
<tr>
<td>Malay States</td>
<td>£ 3,674</td>
<td>£ 1,659</td>
<td>£ 5,020</td>
<td>£ 6,363</td>
</tr>
<tr>
<td>West Indies</td>
<td>£ 2,116</td>
<td>£ 4,789</td>
<td>£ 5,929</td>
<td>£ 4,789</td>
</tr>
<tr>
<td>Irish Free State</td>
<td>£ 51,239</td>
<td>£ 43,394</td>
<td>£ 40,857</td>
<td>£ 42,372</td>
</tr>
<tr>
<td>Other Possessions</td>
<td>£ 6,955</td>
<td>£ 20,654</td>
<td>£ 24,374</td>
<td>£ 21,990</td>
</tr>
<tr>
<td>Total from Possessions</td>
<td>£ 191,516</td>
<td>£ 388,616</td>
<td>£ 429,721</td>
<td>£ 376,562</td>
</tr>
</tbody>
</table>

Australia and South Africa are the only prominent exceptions to the general decline of exports in 1926 due to the Coal Strike.
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