

~~Land Purchase Code propounds, at this moment, two inconsistent theories of duty in this matter, and remedies equally inconsistent.~~

~~The Act of 1891 states it to be the duty of the tenant purchaser to provide proper accommodation for labourers in his holding; the Act of this year (Sec. 96), provides that the Land Commission can make a scheme for the accommodation of labourers in estates purchased, or proposed to be purchased, and such a scheme is to be deemed to be a representation under the Labourers' Act; and thus the District Council will be compelled to carry it out at the expense of the rates.~~

2.—*Fiscal Policy; Some Lessons from the Blue Book.*

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[Read December 18th, 1903.]

WHEN I was asked to read a paper to this Society on the proposed changes in British Fiscal Policy which have made such a stir in recent times, I recognised at once that the subject must be treated here, not as one of party politics, but simply as one of economic theory and economic policy. And it occurred to me that the most useful contribution I could make to the consideration of the subject, from that point of view, would be an examination of the contents of the Blue Book published by the Board of Trade, and an endeavour to discover what light this Blue Book throws on the main points involved in the controversy.

I.—EXCESS OF IMPORTS OVER EXPORTS. | |

The continued and increasing excess of the imports of the United Kingdom over the exports is a phenomenon which puzzles many people, and which is generally regarded as an alarming symptom of the state of British trade. This excess in imports has been going on for a long time. From a table on p. 5 of the Blue Book, it will be seen that in 1854 the total imports were 152 millions and the total exports 97 millions, and that the annual excess of imports over exports has been going on and increasing ever since. From a table on p. 99 it will be seen that for the ten years from 1893 to 1902, the average annual excess of imports over exports was 161 millions, beginning with 132 millions in 1893, and ending with 184 millions in 1902. This represents a gross excess of 1610 millions in those ten years alone. That is the phenomenon. How do we explain it? How do we account for the fact

that we are taking in year by year 160 to 180 millions worth of goods over and above the value of what we send out? We may assume that foreign nations do not make us a present of these enormous quantities of goods. How then do we pay for them? Some people think we pay for them in money. Mr. Seddon, the Prime Minister of New Zealand, in a speech at the New Zealanders' banquet in London on June 1, 1902, said: "England received from foreign countries 413 millions worth of goods last year, and exported 252 millions worth to foreign countries. This shows a balance of trade against the Mother Country of 161 millions. England had to send out that many golden sovereigns to foreign countries to meet the difference." Where Mr. Seddon thought England got the 161 millions of golden sovereigns every year, I am sure I haven't the least idea. But, as a matter of fact, the Blue Book shows, on p. 99, that in that very year, 1901, England so far from sending out 161 millions of gold sovereigns actually increased her stock of gold by 6 millions, and in the ten years from 1893 to 1902 her imports of bullion and specie exceeded her exports by 60 millions, or an average of 6 millions yearly. It is plain, therefore, that the theory of a drain of gold to pay for the excess of imports is wholly unfounded. How then are these surplus imports paid for? You will find the answer in the Blue Book at pp. 99-104. There you will find detailed calculations, which I cannot trouble you with here, which show that these imports, which foreigners send us over and above what we pay for by our exports, represent, broadly speaking, the debt which foreigners owe us for freights carried by British shipping, trade commissions of various kinds, and interest upon foreign loans. If we object, as some people seem to do, to this excess of imports over exports we can get rid of it in only one way. We can forgive foreign nations the debts they owe us, we can carry their goods in our ships without payment, and we can lend them money without interest. If we continue to demand payment we can only get it in goods. The idea of foreign nations paying us 184 millions a year in coin is as absurd as Mr. Seddon's idea of our paying them 161 millions in coin. If we don't take payment in goods, we must do without payment altogether.

Now, let us see what Mr. Chamberlain's view of this phenomenon is. At Newcastle, on October 20th, he said:—"In 1872 we imported 63 millions of manufacture: 1872 was a big year; therefore, you would suppose that the imports would fall off. On the contrary, there were 63 millions in 1872, 84 millions in 1882, 99 millions in 1892, 149 millions in 1902. In thirty years the total imports of manufactures, which could just as well be made in this country, have increased 86 millions, and the total exports have decreased 6

millions. We have lost 92 millions, the balance, that is to say, of 92 millions of trade that we might have done here has gone to the foreigner." Here you see the goods that the foreigner sends us in payment of his debt are represented as a dead loss. It would have been better for us if he hadn't paid us at all, but left us to manufacture the goods at our own cost. But, suppose instead of sending us goods, foreign nations had last year paid us 184 millions in money, what would we have done with that money? Folded it up in a napkin and hid it in the earth? Of course we would at once have laid it out in goods, almost certainly in the very same goods that we imported last year; for we imported those goods because we wanted them, not because anybody compelled us to buy them. The idea that goods that are bought in open markets by free customers, for their own purposes of trade or manufacture, are an injury and a loss to the buyer is a curious conception in economics.

It is plain from all these considerations that the two objects which some theorists seem to aim at—the increase of our exports, and the diminution of our imports—are wholly incompatible. If we increase our exports, we must also increase our imports, because foreign countries have no way of paying for our exports except by that which they export themselves. If we diminish our imports we must also diminish our exports, because it is in payment for what they send us that foreign countries take the goods we send to them. It was long ago pointed out, and it is a matter of plain common sense, that if we shut out foreign goods, which is the only means foreign countries have of paying for what they buy from us, they cannot continue to buy, and that the way to encourage their purchases from us is to give them a free market for what they have to sell.

II.—THE EFFECTS OF PROTECTIVE TARIFFS.

There is much in the Blue Book to throw light upon the effects of Protective Tariffs—both the direct and obvious effects, which are all that many people look to, and the indirect and obscure effects, which are often of much greater consequence—both the effects on the protecting country and the effects on the country against whose goods the protection is set up. I think it advisable to confine our attention here to one concrete example, especially as it is one to which much attention has been directed in recent discussions—I mean the U.S. tariff upon tin-plates. The facts and figures relating to this tariff and its effects will be found on pp. 131-132 of the Blue Book. The average annual export of tin-plates from the United Kingdom in the years 1887-1890,

four years before the McKinley tariff, was about 400,000 tons, of a value of about $5\frac{1}{2}$ millions. Of this quantity 300,000 tons, of the value of $4\frac{1}{4}$ millions, were exported to the United States. In 1892 the McKinley tariff came into operation, and, though the tariff has been varied twice since, we may take it as practically prohibitive. In 1902, the total export of tin plates was 312,000 tons, of a value of $4\frac{1}{3}$ millions, as against 400,000 tons, of a value of $5\frac{1}{2}$ millions in 1892, and of this quantity only 65 thousand tons, of a value of £887,000 went to the United States. These 65 thousand tons exported to the United States practically pay no duty, as they are used for re-export in the form of cans, and a drawback of 99 per cent. of the duty paid is allowed on re-exportation. It may be said, therefore, that the tariff on tin-plates has destroyed the whole export trade to the United States, and it has undoubtedly inflicted a most serious injury on the tin-plate industry in this country. It has not destroyed it however, nor even prevented it from growing, because 1902 was the best year the tin-plate industry has ever seen, with the largest output and the best profits and wages; and in 1902 there were 397 tin-plate mills at work in the United Kingdom, as against 318 in 1896. The reason of this is that the loss of the export trade to the United States has been more than counterbalanced by the growth of the export trade to the other countries, which has more than doubled since 1892, and by the growth in the home demand, which has very nearly doubled in the same time. This increase in the demand for tin-plates both at home and abroad is largely due to the increased cheapness at which they can be produced owing to the cheap steel plates which are "dumped" upon our shores. This cheapness has given a great stimulus to the canning of meats, vegetables, jam, &c., both in South America and at home, and has created a great demand for the plates out of which the cans are made. So much for the effect of the tariff on tin-plates in these countries.

Now let us see what is the effect of the tariff upon the protecting country. The import duty on tin-plate in the United States is £6 18s. od. per ton. The price is raised by almost the whole amount of the duty, for the average price of British tin-plate exported to the United States is £13 12s. 6d. per ton, while the average price of American tin-plate is £19 9s. od. per ton. That is to say, the American consumer pays nearly £6 upon every ton of tin-plate purchased. It further appears that not one penny of this tax goes into the coffers of the State. The only tin-plate imported and that pays duty is about 65,000 tons, all of which is re-exported with a drawback of 99 per cent of the duty paid, and the 1 per cent of duty retained does not nearly cover the expense of collection, and of inspecting and checking the claim for drawback.

The United States Treasury loses, instead of gaining, by this tax. It is a good example of the "scientific" taxation, which is not meant to raise revenue. To whom then is the tax paid? Why, of course, to the tin-plate manufacturer. 366,000 tons of tin-plate were produced in the United States in 1902. On this, as we have seen, the consumer paid £6 a ton taxation. That is, the consumers paid a sum of £2,196,000 to the American Tin Plate Trust in one year. And who are the consumers? Every man in America who bought a tin can or a can of tinned meat or tinned fruit was putting his hand in his pocket to swell the profits of the Tin Plate Trust. That may be good business, or good State policy. Opinions differ on that point. But as to the facts there can be no dispute. Protection means that a man's neighbours subscribe to enable him to carry on a trade which he could not carry on without their assistance. Suppose we in this room were asked to put down our names for a yearly contribution to enable some Dublin manufacturer to carry on a failing trade. How many of us would respond? But a protective tariff would compel us to do what we would never dream of doing if left free to exercise our own judgment.

But let us pursue this inquiry a little further. There is no doubt the tariff on tin-plate established a tin-plate manufacture in the United States, which probably would not have grown up without protection for some years to come. That, as we have seen, was done at the cost of about £2,200,000 yearly, paid by the poorest American citizens to some of the richest. But at any rate a new industry has been established, and that, we are told, is so much to the good. But what about the canning industry, one of the greatest and most prosperous industries in the United States? The tin-plates used in canning meat, fruit and vegetables, rose 50 per cent. in price. The can in many instances cost as much as, or more than, its contents. It became impossible to preserve many of the cheaper kinds of produce, and tons of fruit and vegetables were left to rot. The increased price of canned meats limited the consumption, and a period of great depression in the canning trade set in. In the meantime the increase in the price of United States tinned meats gave a great stimulus to canning in South America, and a great stimulus to the export of tin plates from Wales to South America. The cheapness of tin-plates at home also gave an enormous stimulus to the canning industry in the United Kingdom, so that the consumption of the tin-plates at home rose from 2,500,000 boxes in 1892 to 4,500,000 boxes in 1902. This is an illustration of what I have said, that the indirect and obscure effects of a protective tariff are often of greater consequence than its direct and obvious effects. The United States taxpayer puts his hand in his pocket and subscribes

over two millions a year to establish a new industry for which his country has no special advantages; but, by the very fact of establishing this new industry, he hampers, harasses and depresses an old and well-established industry for which his country has special advantages. That may be good business, or good policy; but at any rate it is well that we should know the facts, that in subscribing to establish a new industry, he is also subscribing to depress an old one.

III.—“DUMPING.”

I now come to the consideration of a phenomenon which has been much discussed within the past few months, *viz.*, the “dumping” of foreign goods on the British market. You will find a great deal of information on this subject in the Blue Book, under the more dignified title of *The Export Policy of Foreign Trusts* (pp. 295-358). This information relates chiefly to the action of Trusts in Germany and the United States, where Trusts have grown to enormous dimensions under the protection of high tariffs, and where this peculiar part of their policy, which consists in keeping up high prices at home, whilst they sell at low prices abroad, is rendered possible by the protectionist policy of their respective governments. In many cases these trusts sell their goods abroad at an actual loss, trusting to be recouped by charging the home consumer a price far above the cost of production. A Kartell or Trust got complete control of rolled wire for nails in Germany. At the end of 1900, the price of wire for nails was: for sale to German consumers, 185 marks per ton, for export, 115 marks per ton (p. 300). That is, the German consumer, under the beneficent system of Protection, paid exactly two-thirds more for his rolled wire than the foreigner. This was probably good trade for the rolled wire manufacturer; but what about the maker of wire nails? We read, at p. 302, that in 1901 “the German wire nail industry now had to struggle against the competition of foreign manufacturers, who got steel and rolled wire from Germany at prices lower than those at which it was possible for the German manufacturers to obtain the same article.” But the wire nail manufacturers have their syndicate too, and they also enjoy the benefit of protection, so we read that “the Wire Nail Syndicate sells one-half of all the nails so made abroad at 13 marks, though the cost of the rolled wire in Germany is itself 13 marks, so that there is a loss on each nail sold abroad, to meet which a bounty is paid out of the prices obtained in the home trade” (p. 304). So that the people who buy wire nails in Germany have to pay two bounties, one to the wire manufacturer, and one to the nail

manufacturer, and all that the foreigner may get his wire and his wire nails below first cost. The report for 1902 of the Cologne Chamber of Commerce "calls attention to the considerable difference between the home and foreign prices of German wire manufacturers. At home the prices for half-finished goods were regulated by a Kartell, the consequence being that goods were exported at from 8 to 12 marks cheaper than they could be obtained in Germany. German half-manufactured wire goods, for instance, are sold in the trade centres in England at 10s. a ton less than in Germany. The Report complains that, as a result of this, the German finished wires cannot be exported to Great Britain" (p. 305).

In other branches of the iron and steel trade, the same policy is pursued. "Thus, a German firm exported 20,000 tons of rails (for railways) at 90 marks f. o. b. Antwerp, while the Prussian Railway Department were paying for the same quantity 120.50 marks" (p. 301). In the minor metal trades "the exportation of goods at lower prices than those exacted from German buyers made competition abroad difficult, because a material advantage was thus secured for the foreigner" (p. 302). "The result of the German export of plates, at prices below the German home trade rates upon the German industries which use plates, has been very bad. The building of boats for the Rhine navigation has passed over almost entirely to Holland, because the works in the Rhenish-Westphalian district producing heavy plates deliver in Holland at lower prices than in the interior of Germany" (p. 305). "In Germany itself it has been stated that German manufacturers having to pay more for their materials than what foreign manufacturers pay to the kartells for the same article, and being unable to make any saving on goods, are obliged to cover themselves by cutting wages" (p. 306). As to the effect of this German "dumping" on British trade, the Blue Book sums up as follows: "So far as concerns the iron trade, the possibility of obtaining cheap German steel has materially reduced the demand for pig-iron, and British makers of raw steel have by no means had things all their own way. On the other hand, manufacturers who have been using steel as their raw material (*e.g.*, makers of tin-plates and sheets) have found the abundance of low-priced steel of advantage to the profitable pursuit of their industry, and indeed would at certain times have been placed in a position of some difficulty, if they had not been able to reckon on foreign supplies for keeping their works in full activity" (p. 309).

The United States Trusts, as well as the German, have been engaged in the business of "dumping," that is, of selling their products to the foreigner at much cheaper rates than

they do to their own countrymen; but the popular feeling in the United States is so strong against this policy of the Trusts, that it is difficult to get accurate information about it. The Blue Book, however, sets out a body of evidence sufficient to show that American goods are often sold to foreign countries at prices considerably below those which are exacted from the home consumer. I will content myself with one extract from the evidence given by Mr. Holt, Secretary of the Tariff Reform Committee, of New York, before the Industrial Commission:—"Mr. Charles Hulin, a Pennsylvania Contractor, recently secured a contract to supply Rails for Russia's Great Siberian railway. He asked the leading Steel Trust Companies here for bids. They all asked him about 35 dols. per ton, with freight to be added. Mr. Hulin went over to England, sub-let the contract to an English firm, and one of the same companies that had asked him 35 dols. plus freight here, sold the rails at 24 dols. a ton, delivered in England, to the English sub-contractor. The extent to which goods are sold cheaper for export, than in the home markets, is not known to most people, because the Trusts take pains to conceal export prices, and practically pledge all parties concerned to keep all such knowledge from reaching the public. After having investigated the subject for more than ten years, I have reached the conclusion that practically all of our manufactured products are sold to foreigners for less than to Americans. The minimum difference is about 10 per cent. The average difference in price is probably 20 per cent., and on our really protected products about 25 per cent. Often we who pay the tariff taxes, devoted to nourishing these 'infant industries,' must pay 50 per cent., and sometimes 100 per cent., more for the product of these coddled industries than is paid by foreigners, who do not pay our nursing taxes" (p. 324). When I quote Mr. Holt, as Secretary of the Tariff Reform Committee, it is only fair to warn you that Tariff Reform in New York is a wholly different matter from Tariff Reform in Birmingham, and that whilst the Tariff Reformers in Birmingham are calling out for Protection, the Tariff Reformers in New York are calling out for Free Trade.

These are the main facts as to "dumping" to be gathered from the Blue Book. What is your verdict upon these facts? Mr. Chamberlain's verdict is "A very good policy for them (*i.e.*, for the foreigners), a very bad policy for us!" Now, is it a very good policy for any nation to sell goods below cost price to other nations, and to make good the loss out of the pockets of its own people? Is that the way to make a nation rich and prosperous: to work its industries at a loss for the benefit of other people, and to make its own people pay for the loss incurred? Is it good policy for the United

States to exact over 2 millions every year from the purchasers of tin utensils and the consumers of tinned food, in order to enrich the Syndicate that works the Tin Plate Trust? It is undoubtedly a very good policy for the Trusts, and large fortunes have been made, as we all know, in the protected industries; but one would think that the poor people who buy tin cans and eat tinned meat would be more suitable objects for the protection of a benevolent Government, than the overgrown capitalists who thrive upon monopolies. I do not think any man who had not a theory to support would ever contend that it was a very good policy for the nation at large, to make them pay dear for their articles of trade and consumption, in order that other people in other countries might be able to buy them cheap.

But if it is not "a very good policy for them," is it "a very bad policy for us"? Here again we must distinguish between the nation at large and certain particular classes of the nation. It is undoubtedly bad for the manufacturers of pig iron and steel plates, that pig iron and steel plates should be sold here below cost of production. But is it bad for the general community, that people should be able to get cheap the articles they require either for their own consumption, or for the purpose of their own trade or manufacture? We must remember when we talk about goods being "dumped" that these goods are not forced upon unwilling purchasers. The people who buy them want them, and want to get them as cheap as they can. If they didn't want them and weren't able to pay for them, the "dumping" would never take place, or would soon come to an end. It may not suit the iron-founder that steel plates are sold cheap in Wales; but is it any harm to the tin-plate worker, that he gets his steel plates cheap, and is thereby able to make a new market for the tin-plates that have been shut out of the United States? Is it any harm to the man who cans fruit and vegetables, jam or confectionery, that he gets his tins cheap, and is thereby able to sell cheaper than his Protectionist neighbour? Is it any harm to the poor man whose family consumes the tinned food, that he gets it cheaper, because steel plates are cheap? Trade has endless ramifications, and there is no disturbance of the course of trade which may not produce the most unthought-of consequences. We cannot judge merely from the first effect, or the most direct and obvious effect, of any trade policy. We must look at the whole effect. And whilst there can be no doubt that the policy of "dumping" has its evil side as regards the trade of the country that receives the "dumped" goods, there is also no doubt that the very cheapness which injures one trade may be the making of many others. So that, I think on the whole we may conclude that the policy of

“dumping” is much worse for the countries that practise it than for us upon whom it is practised.

IV.--EFFECTS OF TARIFFS ON FOOD PRICES.

A great deal has been said in the course of the fiscal discussion as to the effect of an import duty on the price of food—whether it would be borne in whole or in part by the consumer. The Blue Book (pp. 120-126) gives some figures which are very important in the consideration of this question. On p. 121, you will find a table which gives the average price of wheat per quarter in the United Kingdom, France, Germany, and the United States, in every year from 1840 to 1902, with the rate of import duty leviable in each year in each country. Taking the last five years from 1898-1902, I find that the average price in the United Kingdom was 28s. 3d., in France, 37s. 6d., and in Germany, 35s. 7d. Wheat, therefore, in France was dearer than in the United Kingdom, by 9s. 3d. a quarter, and in Germany by 7s. 4d. a quarter. The import duty in France during those years was 12s. 2½d. per quarter, and in Germany 7s. 7½d. per quarter. It will thus be seen that the price in Germany was raised by almost the whole amount of the duty, whilst the increase of price in France fell short by one-fourth of the total import duty. It would thus appear that the German consumer paid practically the whole duty, whilst the French consumer paid only three-fourths of the duty. What is the reason of this difference? It will be seen from other tables on pp. 123-4. The Germans import a much larger proportion of the wheat and flour they consume than the French. The Germans import between 80 and 90 lbs. per head of their population whilst the French import only from 10 to 14 lbs. per head. It is the greater proportion of imports to home production that compels the German consumer to pay the larger proportion of the import duty. This becomes still clearer when we examine the proportion between price and import duty in France in different years. “The situation of France in respect of imported wheat is a peculiar one. In some years the quantities of foreign wheat and flour which pay duty in France are so small, that France may be said to be practically self-sufficing as regards her wheat supply. In others years, however, when the French harvest is below the average, an appreciable amount of foreign wheat enters into the French consumption. Thus during the last twenty years, the imported wheat and flour has varied from 10 lbs. per head of population in 1900, to 120 lbs. per head in 1891” (p. 124). Now, if we take the period from 1883-1902, and look at the years of minimum importation into France, we find

that the average excess of price in France over the price in the United Kingdom for the same years is 8s. 3d., that is, it falls short of the import duty of 12s. 2½d. by 3s. 11½d. But if we take the other years of the series we find that the average excess of price in France is 9s. 11d., whilst during those years the average rate of import duty was only 7s. 5½d., so that the price rose in France more than the amount of the import duty by 2s. 5½d. It will thus be seen that the effect of an import duty on the price of corn depends largely upon the proportion of the quantity of imported corn to that of home-produced corn. If the imported corn bears a small proportion to that which is produced at home, the price will probably rise by a less amount than the duty. If, on the other hand, the imported corn bears a large proportion to that which is produced at home, the price may rise not only by the full amount of the import duty, but even higher. Now let us consider how these facts and figures bear upon the question, as to the effect of an import duty on corn in these countries. The proportion of the wheat and flour consumed in these countries which is imported from foreign countries, is enormous. Whilst France imports 10 to 14 lbs. per head of the population, and Germany 80 to 90, we imported no less than 288 lbs. per head of our population in 1902. Germany imports less than a third of her consumption, France not more than a 40th or 50th part, whilst we import about four-fifths of our whole consumption. If the German consumer pays the whole amount of the import duty, except a few pence, can it be doubted that the British consumer would pay the whole duty or more? It must be remembered that wheat and flour are articles of prime necessity, the demand for which is very little checked by a rise in price. No matter what the supply, the demand must remain practically the same, and therefore anything which tends to limit the supply, must at once raise the price.

V.—FOOD AND WAGES OF THE WORKING CLASSES.

A vast amount of detailed information is given in the Blue Book, as to the wages, cost of living, hours of labour, etc., of the working classes in the United Kingdom, and in various foreign countries (pp. 207-293). I can in this paper only attempt to give you some of the leading results of the inquiry.

(1). The average weekly wages of agricultural labourers over England, in 1902, was 18s. 6d. Of this about 13s. 6d. was spent on food. Of the food consumed weekly, bread, flour and meat represented about 7s. 7d., or 56 per cent. of the whole. Among urban workers, whose wages vary

from 20s. to 40s. per week, the average being 29s. 10d., it is calculated that about 17s. 11d. is spent on food, and of that about 9s. 10d., or rather more than 55 per cent., is spent upon bread, flour and meat. This shows what a very large proportion of the workingman's expenditure would be affected by the proposed taxes on food.

(2). A very large decrease in the cost of the workman's food has taken place within the last 30 years. The English workman is able to make 100 shillings go as far, in the purchase of food, as 140 shillings would have gone 20 or 30 years ago (p. 216).

(3). But within the same period, wages (including both agricultural and urban wages) have risen from 20 to 25 per cent. (p. 260), so that not only has food become much cheaper, but the workman has much more money wherewith to buy it.

(4). The German and the French workman do not consume exactly the same sort of food as the British workman. The German eats rye bread, where the British eats wheaten, and the French consumes more wheat and less meat. Some statistics, however, have been collected which go to show that between 1877 and 1901, the cost of the German workman's food has fallen 12 points, that is, the German workman is now able to buy as much food of the kind to which he is accustomed, for 100 marks, as he could have got 25 years previously for 112 marks. Between 1880 and 1897, the cost of the French workman's food fell from 114 to 100, a fall of 14 points compared with 13 in Germany and 42 in the United Kingdom.

(5). As regards the average length of the hours of labour, the four leading industrial countries stand in the following order :

Germany ;
 France ;
 United States ;
 United Kingdom (p 287).

That is, the hours of labour are longest in Germany, and shortest in the United Kingdom.

(6). As regards the average rate of wages in the same four countries, the authors of the Blue Book, as the result of elaborate calculations, arrive at the general result, "that the average level of industrial wages in the United States is not far from one and a-half times that in the United Kingdom. In the same way we might, with no great error, take the average for Germany as two-thirds, and for France three-fourths, of that which prevails in the United Kingdom." (p. 290).

(7). As regards the rise in the average rates of wages during the 20 years from 1881 till 1900, the figures show that whilst there has been a rise in all the four countries, it has been greatest in Germany where the average rate of wages is lowest, and least in the United States where the average rate of wages is highest. The United Kingdom shows the greatest rise after Germany, and then comes France, and, last of all, the United States.

VI.—IS BRITISH TRADE DECLINING ?

It is impossible, in the course of a paper like this, to discuss all the questions that are suggested by the tables and figures of the Blue Book, and, as my time is now running short, I shall very rapidly call your attention to some of the figures which bear upon the condition and prospects of British trade. The population of the United Kingdom, in 1854, was about $27\frac{3}{4}$ millions. It has grown steadily since that time, till in 1902 it is estimated at nearly 42 millions. In 1854 the proportion of emigration to population was .97 or nearly 1 per cent. In the five years, 1895-1899, the annual average was .39, or somewhat over one-third per cent. The ratio of pauperism to population in the five years 1855-59, was 4.7 per cent. In the years 1895-99 it had fallen to 2.6 per cent. In the years 1855-59 the average net imports amounted to 146 millions, the exports to 116 millions, and the transshipment trade to $4\frac{1}{5}$ millions. In 1902 the net imports were 462 millions, the exports 277 millions, and the transshipment trade $13\frac{3}{4}$ millions. In 1858 the tonnage of vessels built in the United Kingdom was 236,554, in 1902 it was 950,425. It is curious to observe that in 1858, the tonnage of vessels built in the United States was 244,713, somewhat more than the tonnage built in the United Kingdom, but in 1902 the tonnage built in the United States was 468,831—less than half the tonnage built in the United Kingdom. It is well known that the comparative decline of American ship-building is a consequence of the high tariffs on timber, steel, copper, hemp, ropes, etc.—in fact, upon every material of the ship-building industry. The tonnage of the British merchant navy, was in 1840, $2\frac{3}{4}$ millions, in 1902, 10 millions. In 1840 the tonnage of the United States merchant navy, registered for oversea traffic, was 899,765, in 1902 it was 882,555, actually less than it had been sixty years before. The tonnage of the vessels engaged in the coasting, lake, and river trade, which is strictly protected, had of course greatly risen, from $1\frac{1}{2}$ to nearly 5 millions; but in the foreign trade, which cannot be protected, there was an actual decline. This is the more remarkable, as between 1840 and 1860

the tonnage of United States vessels registered for foreign trade had increased from 899,765 to 2,546,237 tons. No doubt, the great war between North and South destroyed for a time the shipping trade of the United States; but in 1870, after the war was over, the tonnage was 1,516,800, and there has been a steady decline ever since. The decline in the foreign shipping of the United States is, of course, due to the same causes as the decline in ship-building.

The railway traffic of the United Kingdom, showed average gross receipts, between 1855-59, of 23.7 millions; between 1895-99, the annual gross receipts had risen to 88.4 millions, and in 1902 they amounted to 102 millions. Between 1855-59 the annual profits assessed to Income Tax, amounted to 31.7 millions on the average; between 1895-99, they had risen to an average of 74.4 millions, and in 1902 they were no less than 90.2 millions. We have heard a great deal lately about the ruin of the iron trade of Great Britain, by foreign tariffs and "dumping," but I do not find that the incomes of the iron-works show any sign of decay. Here are the assessments to Income Tax on Ironworks from 1897 to 1902:—

1897.—	1.8	millions
1898.—	2.6	do.
1899.—	3.0	do.
1900.—	3.2	do.
1901.—	5.4	do.
1902.—	6.6	do.

That is to say, the annual value of property and profits in the ironworks of the United Kingdom has risen in the last six years from £1,800,000 to £6,600,000. That does not seem very bad for a trade which "is not only going, and going rapidly, but a great deal of it is already gone."

The total amount cleared at the London Bankers' Clearing House, amounted in 1869 to 3,626 millions. That amount has risen steadily till, in 1902, it amounted to the enormous sum of 10.029 millions. So much for the capitalists. Now let us look at the workers. If we take the five years from 1855 to 1859, we find that the average amount deposited in Savings Banks in the United Kingdom was about 36 millions and the number of depositors about 1,400,000. In the five years from 1895 to 1899, the amount deposited had risen to over 163 millions, and the number of depositors to 8,787,471. In 1902 the amount deposited had risen to 197 millions, and the number of depositors to 10,803,555. These figures, taken in connection with the decline in pauperism before adverted to, hardly indicate a declining industry, or the ruin of the working-man by foreign competition.

I have now gone through, I am afraid at somewhat tedious length, the figures and facts of the Blue Book, selecting

those which seemed to me to be of greatest interest, and to throw most light on the important and interesting questions now under discussion. I have tried to give the effect of these figures as fairly as I can, though I cannot conceal my own conviction that the whole body of evidence here collected by the officials of the Board of Trade, is strongly in favour of our present system, which leaves the manufacturer and the trader free to find his own markets, and to buy and sell in that which he finds most profitable. The onus of proof certainly lies on those who contend that the State is a better judge than the individual trader of the conditions of profitable trade, and that by taxation and regulation it can find for him a better market than he can find for himself. Those who undertake this burden of proof, and would convince us that trade and manufacture flourish better under protection and regulation than they do in a state of freedom, may look for their materials elsewhere; they will not find much to help them in the Blue Book of the Board of Trade.

3.—*The Government Management of Indian Railways,*

BY C. A. STANUELL, ESQ., M.A.

[Read Friday, 10th June, 1904.]*

I DO NOT propose to-night to deal with the whole question of Indian Railways; it would be too wide a subject. I wish to refer to the recently published Report of Mr. Thomas Robertson, who was formerly Manager of the Great Northern line in this country, and later on Chairman of the Irish Board of Works.

He was appointed in consequence of general complaints, and also in connection with financial difficulties experienced in the development of the Railway system of India, and a perusal of his report has fully confirmed what I had learned elsewhere as to the failings of Indian Railways.

I acknowledge that there are extenuating circumstances. In the first place, there has been great difficulty in raising capital: India is a poor country. Second: An enormous mileage has been required, and is still required. Third: An extraordinary gauge of five feet six inches was adopted, which has proved unsuitable to a poor country, with the result that there are now about 14,000 miles of broad-gauge, and 11,000 of narrow, and the confusion is growing daily. The great bulk of the mileage is single, and has been constructed in the last twenty-five years. The total mileage in 1878 was 6,671, and it had increased to 25,936 in 1902.

* Postponed from 29th January 1904.