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The Tariff Problem. by W. J. Ashley

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The Tariff Problem. By W. J. ASHLEY, M.A. Third Edition, with the additional Chapter of the Second Edition and a new Introduction. London: King. 1911. (Pp. xxxiv + 269. Price 3s. 6d.)

THE first edition of Professor Ashley's now well-known book was reviewed in the ECONOMIC JOURNAL for December, 1903. This, the third edition, is a reprint of the second, which was published very soon after the first, and the new Introduction, therefore, alone calls for comment. In this Introduction Professor Ashley discusses various changes which have taken place in the last eight years which have either confirmed him in opinions he expressed in the earlier editions, or led him to certain developments in the position he there adopted.

His views as to the need for Colonial Preference have been confirmed by the Reciprocity Treaty between Canada and the United States, and he points out that his "anticipations as to the effect on Canadian policy of the peopling of the agricultural North-West—in the absence of reciprocity with the United Kingdom—were, in substance, only too accurate" (p. x). With regard to this it may be noted that the Introduction was written some months before the Canadian elections took place. Professor Ashley next discusses what he considers to be some "weighty reasons, in the economic situation of the United Kingdom itself, for entertaining the proposal [for Preference]" (p. xiv). These are that our exports tend to be "decreasingly composed of articles wholly or mainly manufactured" (p. xv), that "in our trade with foreign countries an increasing proportion of our total exports consists of coal" (p. xvi), that the proportion of the tonnage of our shipping to that of the whole world is continually growing smaller, and that we are losing our *entrepôt* trade. He cites numerous instances of the growth of State interference with industry, and suggests that "as the simple policy of *laissez faire* all round is progressively abandoned, the ordinary citizen will come to feel less repugnance to the State regulation of trade" (p. xxviii). To this last point he himself seems to supply the answer, when he says: "No one now, I suppose, in England is quite so governed by abstract principles as to maintain that the acceptance of any one sort of Government intervention necessarily involves the acceptance of every other sort" (p. xxvii). Certain prejudices against Tariff Reform, the author thinks, are gradually being removed. He also reminds us that a Royal Commission has recommended reciprocity between the West Indies and Canada, and that French diplo-

matists have been warned by "a prominent member of a Free Trade Ministry . . . that, after all, retaliation is not absolutely impossible" (p. xxxiii). Actions like these, he thinks, will accustom the public to the idea of actually resorting to a tariff.

There are two points on which Professor Ashley's views have undergone some modification or development. He thinks that the competition of foreign manufacturers in the home market, who are in a position which enables them to develop large-scale production, "has not made itself felt quite so quickly as might have been fairly expected" (p. xix). This he attributes to the growth of trusts in this country. He is also more sympathetic than formerly "towards the plan of a low general tariff, as a basis both for preference and for negotiation" (p. xxxiii).

The above is, of course, a summary only of what appear to us to be the more important points discussed in the Introduction.

We cannot help thinking that Professor Ashley is oversanguine in believing that the industrial legislation to which he refers is likely to make "the ordinary citizen" regard with increasing favour the proposals of Tariff Reformers. It seems very unlikely that the Patents Act, the Miners' Eight Hours' Bill, the Merchant Shipping Act, the Wages Boards for sweated industries, &c., will make the great mass of the people more willing than formerly to consent to the taxation of their food and other necessities, especially in face of the fact that the cost of living is steadily rising, and in most cases faster than wages. Nor does it seem probable that the recommendation of reciprocity and a threat of retaliation will help much in the same direction. Reciprocity, where it means reduction of tariffs, is not inconsistent with Free Trade policy, and retaliation, as Professor Ashley, of course, knows, has always been regarded by Free Traders from Adam Smith onwards as a weapon which may be used in the last resort.

The reasons for entertaining the proposal of Preference which Professor Ashley sees in the economic situation of the United Kingdom do not seem to us so "weighty" as they appear to him. The tables by means of which he shows that "the general tendency is for our exports to be decreasingly composed of articles wholly or mainly manufactured" (p. xv), and that "an increasing proportion of our total exports consists of coal" (p. xvi), are prepared by Mr. Holt Schooling, and the figures are worked out in percentages, which are often apt to give a false impression. According to these tables, the proportion of our exports of manufactures, apparently to our total exports, has fallen from 87·5

per cent. in the ten years from 1880-9 to 80·4 per cent. in the ten years from 1898-1907. This statement conceals the fact that a smaller proportion of exports of manufactures to total exports is not inconsistent with a very large increase both in their value and volume, which is the really important thing. Our exports of manufactures have increased enormously, both in value and volume, between 1880 and 1907, and the fact that they now form a smaller part of our total exports is not in itself a sign of declining prosperity, especially when considered without any reference to our domestic trade. It is quite true that our exports of coal have greatly increased, as Mr. Holt Schooling's table shows, between 1880 and 1907; but Professor Ashley appears to overlook the fact that our exports of coal are largely made for our own use abroad, while their increase is largely due to the growth of our shipping. Upon the last point he quotes Mr. Norman Hill, Secretary to the Liverpool Steamship Owners' Association, who says that "of the total tonnage employed in the world, British tonnage represented 52 per cent. in 1894 and 44 per cent. in 1906" (p. xvi). This merely means that during these years our shipping has not increased at quite so fast a rate as that of some other countries, and the statement altogether leaves out of sight the fact that during this period our shipping actually increased from 8,500,000 to over 11,000,000 tons. Does Professor Ashley really maintain that when, *e.g.*, Germany, France, and the United States increase the comparatively small amount of their shipping by 50 per cent., it is a sign of declining prosperity if we do not increase our comparatively large amount in the same proportion, and if so, does he think that Mr. Norman Hill's figures really point to the need for Colonial Preference as a remedy?

There are several other points raised by Professor Ashley which we should like to discuss, but this review is already too long. While unable to agree with much that he says, we fully recognise that this new Introduction is an important addition to a book which still remains one of the best that has been written upon the subject of which it treats.

H. SANDERSON FURNISS

The Tariff Swindle. By JOHN M. ROBERTSON, M.P. (Westminster: Cobden Club. 1911. Pp. 48. Price 6d. net.)

THIS is, we believe, the latest of Mr. J. M. Robertson's vigorously written criticisms of the arguments for Tariff Reform, but it may be doubted whether many Tariff Reformers would be