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REVIEWS

Imperial Federation and Colonial Trade Policy. By JOHN DAVIDSON, M.A., Phil. D. (London: Swan Sonnenschein and Co. 1900. Pp. 155.)

THIS addition to the well-known Social Science Series of the publishers, though issued as long ago as 1900, possesses a peculiar interest in the year 1903, in view of the active controversies connected with the matter of which it treats. The delay in commenting on it is more than compensated by the increase of interest in its subject. Dr. Davidson gives a careful and well-balanced statement of the points involved. At one moment one is conscious of the warmth of feeling of the Canadian who believes in his country and under whose language seems to lurk a protest against misunderstanding. At another moment the Scot, who knows how the matters in question appeal to the inhabitants of Great Britain, becomes apparent, and the warm sympathy with Colonial desires is tempered with appreciation of the interests of the mother country. Certainly every reader of this little volume will be helped to a better understanding of what is involved in an attempt at a trade federation of the British Empire.

The volume opens with an historical sketch of the policy pursued by Great Britain towards her colonies in matters of trade from the date of the Treaty of Paris. The later stages of development of this policy are those which are most worthy of attention at the present time. The disappearance of the old preferential treatment of Colonial goods in the British market, and the gradual removal of all restrictions on complete freedom of action of the self-governing Colonies in fiscal matters, are points of chief importance. The effect of the opening of the trade with the Colonies to all the world, in place of its treatment as coasting trade, is described by Dr. Davidson in terms which permit of no doubt as to his opinion of its results. The apparent injury to Canadian interests was great. Disloyalty and discontent manifested themselves, particularly in places like Montreal and St. John. The Colonies felt themselves cast over by the mother country. Yet, says our author, "the repeal was probably what the Colonies needed most. It threw them on their own resources. . . . The threat of ruin was

ultimately the industrial salvation of the Colonies." No little present instruction may be gained by a study of these incidents of half a century ago.

The value of autonomy in trade matters must be kept constantly in view. It may be said that it has barely been attained when a proposal to barter it for something which has an attractive appearance, but the value of which needs most careful scrutiny, is made. Dr. Davidson says truly that Canadians fail to understand the attachment of their fellow-subjects in Great Britain to the policy of Free Trade, and also that they desire most strongly a preference in the markets of the mother country. But he concludes against a system of mutual preferences as he does against the plan of Free Trade within the Empire. The latter is impracticable in view of the attachment of all the self-governing Colonies to protective tariffs, and their revenue necessities. The former plan is rejected for two reasons. Though nominally leaving each division of the Empire free to adjust its own fiscal affairs, it practically binds each to lines of action which cannot be abandoned without arousing feelings so strong in the others, as to exercise effective control and destroy freedom of action. The second count in the indictment is the failure to follow the line of least resistance. It is truly pointed out, in this connection, that any recrudescence of protectionist feeling in England is no aid to a Colonial preference policy. Protectionists, as is sometimes said, but often overlooked, are chiefly concerned to secure a tariff to exclude the manufactured goods of Germany or the United States. Such a tariff would be quite beside the question when it came to arranging Colonial preferences. So far as protection is agrarian in England, though it touches matters where Colonial preferences are possible, yet it is opposed to the desire for food and raw materials on terms which may, as fully as possible, aid the competition of British manufacturers in outside markets. To force public opinion in Great Britain, so as to induce a sacrifice of material interests of importance, for the sake of Colonial trade and Colonial sentiment, is not the part of wisdom in Professor Davidson's view. It would be a source of weakness rather than of strength from the Imperial standpoint. The Colonies would again assume a place in British politics, in a way not conducive to imperial unity and progress. Are there not signs that the movement in this direction is somewhat more advanced now than when Dr. Davidson wrote?

Our author does not, however, abandon the idea of effecting a real *rapprochement* between the different parts of the Empire in trade matters, but suggests bounties on ocean transportation as a means to attain the same end. He calculates that the burden on the population of the British Isles, due to a preferential duty of only three per cent. on certain food products, would aggregate ten million pounds sterling per annum at least. To reduce freights on Colonial products imported into the United Kingdom by one-third would, he further estimates, cost less than four millions sterling. If subsidies could be so arranged

as to reduce freights by the full amount of the payment made by the Treasury to steamship owners, there is no doubt that more could be accomplished in giving Colonial goods an advantage in British markets, and at very much less cost, by subsidies than by preferential tariffs.

This idea deserves a close examination. It is not free from the objection of discriminating between industries, but it must be noted that it is not for the benefit of shipowners that the proposal is made, and that in so far as it does benefit shipowners it will divert to the revenues of shipping interests funds meant for a different purpose. Moreover, the export trade might well gain advantage, as well as the import trade, and thus the effect of any preferences granted by Colonies to British goods would be enhanced. "This proposal is not in the grand manner, but it is practicable," writes Professor Davidson. We may add that its cost is more easy to calculate than the cost of duties on imported food. Further, though our author as a Canadian fully appreciates the fact that Canada looks for great benefits from a preferential duty on food, he cannot forget that other parts of the Empire are less interested, and a plan which affects their products, and does something to offset their disadvantage of distance from English markets, is more imperial than a proposal which would mainly affect the interests of one particular division of the Empire.

The chapter on "Canada and the Empire" is less severely conceived than the others. It voices Canadian loyalty, even to the extent of becoming almost hysterical in places. The last chapter, on "Trade and the Flag" discusses a well-worn question, and the fruitful suggestion that trade is profoundly affected by the nationality of the consumer is made. The nations which send large bodies of emigrants to distant lands will find, generally, a market for their characteristic products spring up where the emigrants settle.

Chiefly because, while giving strong expression to the keen desire in Canada for a response to Colonial effort in promoting imperial trade, it recognises the importance of what can be said in opposition to various proposals to the same end, the volume before us is valuable at the present juncture. The presentation of the historical growth of imperial trade policy should be studied with great benefit in this connection.

A. W. FLUX

The Trade Relations of the British Empire. By J. W. ROOT.
(Liverpool: Commerce Chambers. 1903. Pp. 431. 10s. 6d.
net.)

MR. ROOT is fortunate in the opportuneness of his work. It has the advantage of being published just when the demand for such a work is urgent, without the disadvantage of having been written in order to meet that demand. Unbiased by the polemics of the hour,

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