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Harold Cox**

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*** START OF THE PROJECT GUTENBERG EBOOK ARE WE RUINED BY THE GERMANS? ***

**ARE WE RUINED BY THE
GERMANS?**

BY

HAROLD COX,

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PREFACE.

THE greater part of the contents of this little volume appeared originally in the *Daily Graphic*, in the form of a series of six articles written in criticism of Mr. Ernest Williams's "Made in Germany." To these articles Mr. Williams replied in two letters, and to that reply I made a final rejoinder. In the present reproduction this sequence has been abandoned. For the convenience of readers, and for the economy of space, I have anticipated in the text all of Mr. Williams's objections which appeared to me to have any substance, and, in addition, I have modified or omitted phrases, in themselves trivial, upon which he had fastened to build elaborate but unsubstantial retorts. By doing this I have been able to preserve the continuity of my argument

and at the same time to cut down a somewhat lengthy rejoinder into a brief concluding chapter. Incidentally a few new points and some further figures have been added to the articles. This arrangement, unfortunately, deprives Mr. Williams's reply of most of its original piquancy; but, in order that my readers may have an opportunity of seeing what the author of "Made in Germany" was able to say for himself, his letters are reprinted *verbatim* in an Appendix. I am indebted to the proprietors of the *Daily Graphic* for their courteous permission to republish the articles, and to the Committee of the Cobden Club for undertaking the republication. I have only to add that the opinions expressed throughout are my own, and that the Cobden Club does not necessarily endorse every one of them.

H. C.

GRAY'S INN,
December, 1896.

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ARE WE RUINED BY THE GERMANS?

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CHAPTER I.

OUR EXPANDING TRADE.

IN a little book recently published, an attempt is made to show that British trade is being knocked to pieces by German competition, that already the sun has set on England's commercial supremacy, and that if we are not careful the few crumbs of trade still left to us will be snapped up by Germany. This depressing publication, aptly entitled "Made in Germany," has received the quasi-religious benediction of an enterprising and esoteric journalist, and the puff direct from a sportive ex-Prime Minister. Thus sent off it is sure to be widely circulated, and, being beyond dispute well written, to be also widely read. Unfortunately—such is the nature of the book—it cannot be so widely criticised. It consists largely of quoted statistics and deductions therefrom, and few readers will have the means at hand for verifying the many figures quoted, while fewer still will have the patience to compare them with other figures which the author omits to mention. As a necessary consequence, a large number of persons will believe that Mr. Williams has proved his case, and some of them will jump to the conclusion, which is evidently the conclusion to which Mr. Williams himself leans, that the only way to prevent the commercial downfall of our country is to reverse the Free Trade policy which we deliberately adopted fifty years ago.

THE ART OF EXAGGERATION.

That may or may not be a wise thing to do, but at least let us be certain before taking action, or before taking thought which is preliminary to action, that we know our facts, and all our facts. The second point is as important as the first. On hastily reading Mr. Williams's book for the first time, my impression was that he had only erred by overlooking facts which told on the other side. On general grounds, considering the signs of prosperity on every side, it seemed to me impossible that the condition of our foreign trade could be so bad as the author of "Made in Germany" paints it. A cursory glance at a few staple figures convinced me that my general impression was a sound one, that our trade was not going to the dogs, and that Mr. Williams had

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only succeeded in producing so gloomy a picture by fixing his gaze on the shadows and shutting his eyes to the sunlight. On this supposition I began a more critical examination of his book, not with a view to refuting his positive statements, but with a view to showing that in spite of the ugly facts which he had, on the whole usefully, brought to light, there were counterbalancing considerations from which we might draw, at any rate, partial consolation. This I propose to do, but in addition I shall be able to show that many of Mr. Williams's alleged ugly facts are not in reality so ugly as he makes them look, and that what he has done, in his eagerness to prove his case, is to so choose his figures and so phrase his sentences as to convey in particular instances an entirely false impression. How this is done will be shown in detail later on. For the present it is sufficient to state that it is done, and that some of the most alarmist statements in "Made in Germany" will not bear critical examination. In a word, the author, in his polemical zeal, has sinned both sins—he has suggested the false and he has omitted the true; he has misrepresented, in particular instances, the facts to which he refers, and he has not referred at all to facts which refute his general argument.

THE WHOLE TRUTH.

It is with these that I propose first to deal, with the facts which show that our trade is in a very healthy condition, and that though Germany is also doing well and hitting us hard in some trades, there is no reason to believe that her prosperity is, on the whole, injuring us. And to guard myself, at the outset, against a temptation to which Mr. Williams has frequently succumbed—the temptation of picking out years peculiarly favourable to my argument—I propose to take the last ten or the last fifteen years, for which statistics are available, and to give wherever possible the figures for each year in the whole period. The figures that will be here quoted are all taken from official records, except when otherwise stated.

OUR TOTAL TRADE FOR TEN YEARS.

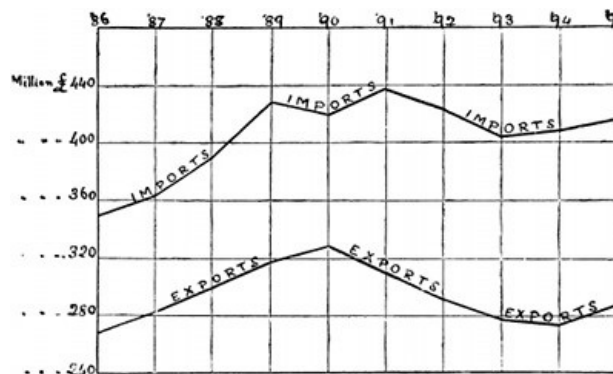
[3]

The first point to attack is the question of the total import and export trade of the United Kingdom. The figures are contained in the following table:—

TEN YEARS' TRADE OF THE UNITED KINGDOM
(Exclusive of Bullion and Specie).
In Millions Sterling.

	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Total Imports	350	362	388	428	421	435	423	405	408	417
Total Exports	269	281	299	316	328	309	292	277	274	286
Excess of Imports over Exports	81	81	89	112	93	126	132	128	134	131

These figures may be illustrated as follows:—



(By permission of the Proprietors of the "Daily Graphic.")

These figures hardly bear out the statement that "commercial dry rot," to use one of Mr. Williams's favourite phrases, has already laid hold of us. In spite of the fall in prices, the money value of our trade, both import and export, has fully maintained its level. It is true that the year 1886, with which the diagram starts, was a year of depression, but the point which I wish to bring out by the diagram is not that 1895 was a better year than 1886, but that the general course for the whole period of ten years shows no downward tendency. Later on I shall give a diagram, covering a period of fifteen years, which brings out the same point even more clearly. It is important, however, at once to point out that the mere comparison of the money totals of our trade in different years is necessarily inconclusive, because no account is taken of prices. To get a true comparison between any two years, say 1895 and 1890, we ought to calculate what the value of our trade in 1895 would have been if each separate commodity had been sold at the prices of 1890. Were this done, it would probably be found that 1895, instead of showing a decline, would show an immense advance. A similar comparison has been privately worked out in one of the Government offices for the years 1873 and 1886 with startling results, which I am permitted to quote. It must be premised that only certain articles are entered in our returns by quantity as well as by value, and it is therefore only between these that such a comparison as I have indicated can be made. In 1873, the total declared value of our exports of these articles was

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172 millions sterling; in 1886, it was 131 millions, showing an apparent fall of 41 millions. But if these exports of 1886 had been declared at the prices of 1873 the total value would have been 215 millions. In this sense, then, our aggregate trade in these commodities in 1886, instead of being 41 millions worse than 1873, was 43 millions better. This is undoubtedly an extreme illustration, for the prices of 1873 were exceptionally high, and those of 1886 exceptionally low. Nevertheless, the illustration is most instructive as showing how extremely misleading it may be to compare values only, without taking account of quantities. Unfortunately, when we are dealing with the total trade of a country, a comparison of values is the only comparison possible, for there is no other common denominator by means of which varied articles—say, steam ploughs, cotton piece-goods, and patent medicines—can be brought into our table.

OUR IMPORTS OF GOLD AND SILVER.

To return to our diagram—it may be asked, “How does it happen that there is such a large and growing excess of imports over exports? Surely that is a bad sign.” On the face of it, why should it be? It only means that we are, apparently, getting more than we give, and most people do not in their private relations regard that as a hardship. There are, however, people to be found who, seeing that we every year buy more goods than we sell, will jump to the conclusion that we must pay for the difference in cash. Where we are to get the cash from they do not pause to think. Hitherto the Welsh hills have resolutely refused to give up their gold in paying quantities, and as for the silver which we separate from Cornish lead, it is worth something less than £50,000 a year. The notion then that we pay for our foreign purchases with our own gold and silver may be dismissed at once, although a hundred years ago this same delusion had not a little influence in shaping our commercial policy. As a matter of fact, instead of sending gold and silver out of the country to pay for our excess of imports, we almost every year import considerably more bullion and specie than we export. The actual figures are given in the following table:—

THE MOVEMENTS OF BULLION AND SPECIE.
In Millions Sterling.

	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Imports Gold	12·9	10·0	15·8	17·9	23·6	30·3	21·6	24·8	27·6	36·0
Imports Silver	7·5	7·8	6·2	9·2	10·4	9·3	10·7	11·9	11·0	10·7
Exports Gold	13·8	9·3	14·9	14·5	14·3	24·2	14·8	19·5	15·6	21·4
Exports Silver	7·2	7·8	7·6	10·7	10·9	13·1	14·1	13·6	12·2	10·4
Total excess or deficiency of imports over exports of gold and silver together	-·6	+·6	-·5	+2·0	+8·8	+2·3	+2·4	+3·6	+10·8	+15·0

EXCESS OF IMPORTS OVER EXPORTS.

The movements of gold and silver then, instead of helping to explain the excess of imports over exports, only increase the need for explanation. Happily, the explanation that can be given, though it cannot be statistical, is fully sufficient. It is fourfold. In the first place the Custom House returns do not include in the tables of exports the large export which we every year make of ships built to order for foreign buyers, so that our exports appear smaller than they really are by at least five millions a year. Secondly, an allowance must be made for the profit on our foreign trade. If, in return for every pound's worth of British goods sent out from our ports, only a pound's worth of foreign goods came back, our merchants would make a better living by selling penny toys along the Strand. What the average profit is on our foreign trade there is no means of knowing, but putting it as low as 10 per cent. on the double transaction, we at once account for some £30,000,000 sterling in the difference between our exports and imports. The third item in the explanation is the sum earned by British shipowners for carrying the greater part of the sea-commerce of the world. This sum has been estimated at £70,000,000 a year, but that is only a guess, and it is certainly a high one. Lastly, we have the enormous sum annually due to this country for interest on the money we have lent abroad. The amount of this annual payment can again only be guessed at, but it probably exceeds £100,000,000 a year. Adding then these four items together, and making every allowance for over-estimates, we not only account for the whole excess of imports over exports, but have a balance over, which means that we are still exporting capital to foreign countries. The capital we export goes out in the form of mining machinery to South Africa, steel rails to India, coal to South America; the interest due to us comes home in the form of American wheat, Argentine beef, Australian wool, Indian tea, South African diamonds.

THE WORLD'S TRIBUTE.

Of what do the Protectionists complain? Would they have us forego the interest we are owed? Apparently Mr. Williams would, for he says (page 19) that we ought not to spend all our income from foreign investments “in foreign shops.” How else, in the name of the Prophet, are we to receive all or any part of what is due to us from foreigners, whether it be due for interest on investments, or for goods carried, or for ships sold? Does Mr. Williams mean that we are to compel foreign nations to pay us a couple of hundred millions a year in actual gold and silver, and then dig a hole in the ground and sit on our hoard like an Indian cook who has saved money out of the perquisites of his profession? Gold and silver are useless to us beyond a very few millions every year; if more bullion were sent the market would reject it. If we are to be paid at all we

must be paid in foreign commodities, and the mechanism of commerce enables us to select just those commodities which we most want. This is the whole story of our excess of imports over exports. Furthermore, that excess would be even greater than it is did we not every year send fresh millions abroad on loan to our Colonies and foreign countries, to produce in due course (it is to be hoped) additional hundreds of thousands in the way of interest.

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OUR *ENTREPÔT* TRADE.

There is one other important point to be dealt with in considering the movement of our trade as a whole. It is this—that part of the enormous quantity of goods we import is not consumed by ourselves, but is re-exported to foreign countries or to our Colonies. For many reasons it is interesting to distinguish these re-exports from the exports of goods produced within the United Kingdom. The separate figures for the last fifteen years are given in the following table:—

OUR *ENTREPÔT* TRADE AND OUR HOME TRADE.
In Millions Sterling.

	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Re-exports of Imported Goods	63	65	66	63	58	56	59	64	67	65	62	65	59	58	60
Exports of Home Produce	234	242	240	233	213	213	222	235	249	264	247	227	218	216	226
Total Exports	297	307	306	296	271	269	281	299	316	329	309	292	277	274	286

There is not much to grumble at in these figures. Our *entrepôt* trade, which was supposed to be slipping away, seems somewhat to halt in the process, in spite of the notorious and not entirely unpleasing fact that our Colonies are now doing a larger direct trade with foreign countries than ever before. At the same time the figures for the exports of our own goods are most satisfactory if we take into account the lower range of prices at which our manufacturers are now working. Altogether there is nothing in the general figures of our trade to justify the wild statements that “dry rot” has set in, and that “the industrial glory of England is departing.”

CHAPTER II.

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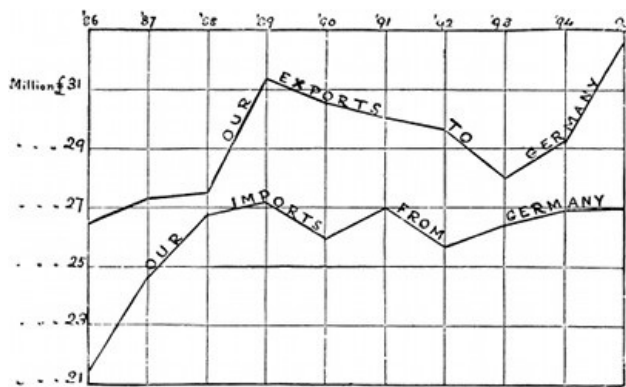
GERMANY: ONE OF OUR BEST CUSTOMERS.

IN the previous chapter it was shown that the general figures of our import and export trade gave no indication of the ruin of our commerce either by Germans or by anybody else. In the present chapter it is proposed to show that though Germany is among the keenest of our trade competitors, she is also one of our best customers. For a sufficient indication of the truth of this proposition we have only to turn to the annual statement of the trade of the United Kingdom. It is true that the figures there published are not entirely satisfactory, because much of the trade of Germany is shipped from Dutch or Belgian ports, and credited to Holland and Belgium respectively. But this is probably also true, and to about the same extent, of British goods destined for Germany, and travelling *viâ* Belgium or Holland, so that in comparing imports and exports this factor may be neglected. The same cause of error will probably be also present to the same extent in successive years, so that we can ignore it when comparing one year with another. Purely for comparative purposes then the annexed table, and the diagram illustrating it, are sufficiently accurate, although the actual figures for any one year by itself have, for the reasons given, little positive value.

OUR TOTAL TRADE WITH GERMAN PORTS.
In Millions Sterling.

	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Imports from Germany	21·4	24·6	26·7	27·1	26·1	27·0	25·7	26·4	26·9	27·0
Exports to Germany	26·4	27·2	27·4	31·3	30·5	29·9	29·6	28·0	29·2	32·7

These figures may be illustrated diagrammatically as follows:—



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A VERY SATISFACTORY TRADE.

These figures furnish a striking answer to the alarmists who can see in Germany nothing but a vigorous and not too scrupulous rival. In every year during the last ten years she has apparently bought more from us than she has sold to us. It is quite true that all the things she has bought from us were not produced or manufactured by us. A portion of her purchases consists of foreign or colonial goods sent to London, or Liverpool, or Hull, and there purchased for re-sale in Germany. But in the same way some of the goods we buy from Germany certainly had their origin in other countries, and have only passed through Germany on their way to us; so that the fairest way of making a comparison is to take the whole trade in each case. Moreover, this *entrepôt* trade of ours is not in itself a thing to be sneezed at; it contributes a goodly fraction of the wealth of the city of London. In order, however, to complete the picture of our trade with Germany, the following table is appended, distinguishing in each of the ten years under review the home produce exported from the foreign and colonial goods re-exported. This table shows that in purely British goods we are doing a very satisfactory trade with Germany. Taking averages, we see that during the ten years our export of our own manufactures and produce to German ports was at the rate of £17,800,000 a year, against a total import from German ports of £25,900,000, this figure including both German goods and other countries' goods passing through Germany. If we recollect that on the whole our imports from the outside world must be very much larger than our exports, for the reasons detailed in the preceding chapter, it will be seen that these two figures, even by themselves, are not unsatisfactory.

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ANALYSIS OF OUR TRADE WITH GERMAN PORTS.

In Millions Sterling.

	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
British Goods exported to German ports	15·7	15·7	15·8	18·5	19·3	18·8	17·6	17·7	17·8	20·6
Foreign and Colonial Goods exported from British ports to German ports	10·6	11·5	11·6	12·8	11·2	11·1	12·1	10·3	11·4	12·2

OUR PRINCIPAL CUSTOMERS.

Let us now go a step further and compare our trade with Germany and our trade with other principal customers. The comparison is worked out in the following table, which shows the total imports into the United Kingdom from the respective countries, and the total exports from the United Kingdom to the same countries:—

TRADE OF THE UNITED KINGDOM WITH THE FOLLOWING COUNTRIES.

Ten Years' Average, in Millions Sterling, according to *British Returns*.

	Imports into U.K.	Exports from U.K.
From and to Germany	25·9	29·2
" " France	42·6	21·7
" " United States	91·8	40·2
" " British India	30·5	31·3
" " Australasia	28·3	23·1
" " British North America	12·2	8·4

These figures are taken from the British Custom House returns, and are subject to the objection to which allusion has already been made, that the Custom House authorities have no means of ascertaining the real origin of goods entering this country, nor the real destination of goods leaving it. Thus, for example, everyone knows that there is a considerable trade between Great Britain and Switzerland, yet Switzerland has no place at all in the Custom House returns, because, having no seaboard, all her goods must pass through foreign territory, and each package is credited by our Customs House to the port—French, or Belgian, or Dutch—through which the package passes to England. In order, therefore, to provide some check on the above

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figures, I have averaged in the same way the figures collected by the different foreign countries in their Customs Houses. These foreign and colonial figures have no more title to be considered absolutely accurate than ours, nor do they cover quite the same ground. Their value lies in the rough confirmation they give of the very rough conclusion which we are able to draw from our own figures:—

TRADE OF THE FOLLOWING COUNTRIES WITH THE UNITED KINGDOM.
Ten Years' Average, in Millions Sterling, according to *Foreign and Colonial* returns.

	Exports to U.K.	Imports from U.K.
Germany	29·1	26·6
France	38·2	22·0
United States	84·6	34·2
British India ^[1]	(Rx) 36·4	(Rx) 60·4
Australasia ^[1]	28·5	27·2
British North America ^[1]	10·5	9·1

[1] These figures include treasure as well as merchandise.

On the whole, these figures tally more closely with those derived from British returns than might have been expected, and if we make allowance for the fact that the Colonial figures include treasure, it will be seen that both tables show that Germany is our best customer after the United States and India.

THE ALARMIST'S ARTS.

In order to obscure this important fact, while alarming the British public with the notion that English manufacturers are being ruined by German competition, Mr. Williams picks out half a dozen or so items of our imports from Germany, and then exclaims in horror at the amount of "the moneys which *in one year* have come out of John Bull's pocket for the purchase of his German-made household goods." He prefaces his list with the unfortunate remark that the figures are taken from the Custom House returns, "where, at any rate, fancy and exaggeration have no play." That is so; the fancy and exaggeration are supplied by Mr. Williams. In 1895, he says, Germany sent us linen manufactures to the value of £91,257. He omits, however, to mention that according to the same authority—the Custom House returns—the value of the linen manufactures which we sold to Germany was £273,795. Again, he mentions that we bought from Germany cotton manufactures to the value of £536,000, but he is silent on the fact that our sales to Germany amounted to £1,305,000. He does not even hesitate to pick out such a trumpery item as £11,309 for German embroidery and needlework, but he forgets to tell his readers that the silk manufactures which in the same year we sold to Germany were worth £92,000. In the same way, were it worth doing, one could go through the whole of Mr. Williams's list, pitting one article against another. It would be labour wasted. The simple fact is that, according to the authority upon which Mr. Williams relies for all the figures just quoted, our total exports to Germany exceed our total imports from Germany, and no trickery with particular items can destroy, though it may obscure, that broad fact.

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A SELF-DESTRUCTIVE POLICY.

But, for the reasons already explained, in replying to Mr. Williams I do not rely wholly on British figures. It is from the double testimony of British and foreign figures that I deduce the fact that of all our customers Germany is one of the best. The practical moral of this fact is sufficiently obvious. In private business a tradesman does not go out of his way to offend a good customer, even though that customer is also a keen trade competitor. He bestirs himself instead to keep ahead, if possible, of his rival without doing anything to destroy the mutually profitable trade relationship between them. Such palpable considerations of expediency are ignored by our latter-day Protectionists, among whom Mr. Williams deservedly ranks as a leading prophet. Their ambition is to induce the Colonies to discriminate in their tariffs between goods from the Mother Country and goods from foreign countries, admitting the former on favourable terms and penalising the latter. It is avowedly against German competition that this policy is directed, and we are light-heartedly told to risk our trade with one of our best customers on the chance of encouraging trade with Colonies which so far have shown much more eagerness to sell their goods to us than to buy ours. Even supposing that this policy succeeded in destroying the whole of the German export trade to our Colonies and Possessions, the possible gain to us would be very small.

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Here are the figures of the trade of our three principal Colonies with the United Kingdom and with Germany, derived in each case from the Colonial returns:—

TRADE OF THE FOLLOWING BRITISH POSSESSIONS WITH THE UNITED KINGDOM AND WITH GERMANY.
Ten Years' Average, in Millions Sterling or Millions Rx.

	IMPORTS.		EXPORTS.	
	From Germany.	From U.K.	To Germany.	To U.K.
India (Rx)	.9	58·4	3·8	36·4

Australasia	.9	27.4	.7	28.2
Brit. N. America	.8	9.1	.1	10.1

Thus these great groups of Colonies and Dependencies together buy rather less than £3,000,000 worth of German goods against more than £60,000,000 worth of British goods. Yet in order to crush this fractional competition of Germany in neutral markets, in order to scrape up these crumbs that have fallen from our table, we are invited to risk the loss of a direct trade with Germany worth nearly ten times as much as all the crumbs heaped up together.

CHAPTER III.

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PICTURESQUE EXAGGERATIONS.

It has now been shown, first that there is nothing in the general figures of our import and export trade to warrant the alarmist view expressed in "Made in Germany," and secondly, that the country whose rivalry is supposed to be ruining us is one of the best of all our customers. What I propose to do in the present chapter is to examine some of the detailed statements in Mr. Williams's book and to show that in many cases the inferences he draws are so seriously exaggerated as to amount to a positive misrepresentation of the facts. For the purposes of this examination we cannot do better than begin with the chapter which Mr. Williams devotes to chemicals. "The chemical trade," he tells us, "is the barometer of a nation's prosperity.... The discomfiting significance of the appearance of chemicals in this Black List of mine will, therefore, be at once apparent." More follows about a "Bottomless pit for capital," and "Germany seizing the occasion while England has let hers slide," and so on.

THE ALKALI TRADE.

Thus much for generalities with regard to the chemical trade; now for details. Let us begin with alkalis, which Mr. Williams selects for special comment. He says:—

"Here we are confronted with the damning fact that whereas fresh uses and (owing to the growth of manufactures abroad) fresh markets for alkali products are continually being found, the export of the greatest alkali trader of the world was last year of little more than half its value in the early seventies. Nor do the latest years show any sign of recuperation. The decline since 1891 has been continuous.... There is no question here of an insidious advance. The matter is simply that our trade has gone to the devil, while the Germans are piling up fortunes."

To the average reader this paragraph would certainly suggest that at least half our trade in alkali had already disappeared, and that the remainder would soon be gone to the devil or elsewhere. I have not verified Mr. Williams's statement with regard to the early seventies, but it is quite sufficient to point to the course of the trade during the last fifteen years. Both quantities and values are given in the following table:—

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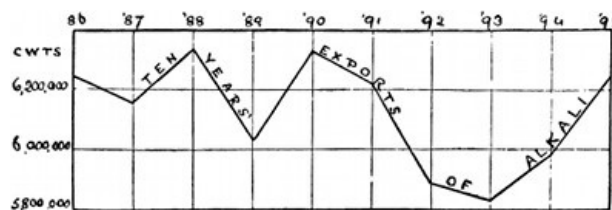
EXPORTS OF ALKALI FROM THE UNITED KINGDOM.

	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Quantities—million Cwts.	6.8	6.7	6.9	6.6	6.7	6.2	6.2	6.3	6.0	6.3	6.2	5.9	5.8	6.0	6.2
Values—million £'s	2.1	2.1	2.1	2.1	2.0	1.8	1.7	1.6	1.6	2.1	2.3	2.1	1.9	1.6	1.6

These figures show that our alkali trade has been on the whole remarkably steady, except for the slight ups and downs in successive years to which all trades are liable.

To show these ups and downs more graphically, I have drawn the following diagram, covering the last ten years' exports:—

DIAGRAM OF THE QUANTITIES OF BRITISH ALKALI EXPORTED.



(By permission of the Proprietors of the "Daily Graphic.")

If the reader will examine this diagram and the more complete figures given above he will be able to see how completely misleading are Mr. Williams's sensational statements about the British alkali trade. I do not for a moment deny that the German alkali trade has made remarkable progress; I only assert that there is no evidence that "our trade has gone to the devil."

CHEMICAL MANURES.

We turn next to chemical manures. On this subject Mr. Williams remarks:—

"Every farmer will testify to the exceeding value of these stuffs. 'Tis a modern means of fertilising the soil, and there can be no doubt that it has a very great future. Obviously then it is in the highest degree important that England should keep a firm hold of the trade. What, alas! is equally obvious is that England's grip on it is relaxing, but that Germany is tightening hers."

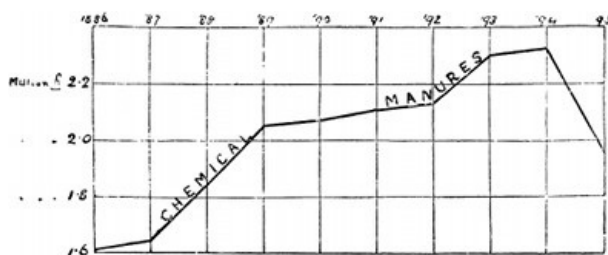
It may be true—probably is true—that the industry of Germany is expanding in this as in almost every other branch of the chemical trades. It is also true that the value of chemical manures sent by Germany to this country—still only a quarter of what we send to Germany—is increasing. What is not true is the statement that England's grip on the trade is "obviously relaxing." The figures are given below. They do not look much like a relaxed grip.

EXPORTS OF CHEMICAL MANURES FROM THE UNITED KINGDOM.

In Millions Sterling.

1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
1.8	2.0	2.2	2.1	1.7	1.6	1.6	1.8	2.1	2.1	2.1	2.1	2.3	2.3	1.9

The figures for the past ten years are illustrated in the following diagram:—



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SOME SUPPOSITIONS ABOUT SALT.

Salt is the next subject to which Mr. Williams turns. What he has to say about it is more picturesque than accurate:—

"The story is worth study. The Salt Union was formed in England in 1889, and the manufacture of salt thereby converted into a big monopoly.... The directors reckoned without their Germany. They can make salt there, too. It is not so good as the Cheshire product, but it is salt, and it is much cheaper than that sold by the Salt Union. When that syndicate's price went up the German manufacturers pushed into the world market, and that to a purpose which is strikingly illustrated in the case of our great Dependency. India needs much foreign salt, and the Indian ryot needs it cheap: for the salt he uses has to bear the burden of a tax. The natural result followed: German salt to a large extent ousted English from the Indian market."

Most impressive! if only it were true. So far as the world market is concerned, the figures below give no indications of the havoc alleged to have been wrought by the machinations of the Salt Union.

EXPORTS OF BRITISH SALT.

	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Quantities—thousand tons	805	819	899	667	726	671	654	636	769	741
Values—thousand £'s	588	525	486	539	653	596	539	505	604	546

So far as India is concerned, Mr. Williams is doubly wrong. In the first place, German salt has not "to a large extent ousted English." During the past five years—it was only in 1889 that the wicked Salt Union came into being—Indian imports of salt have been as follows:—

INDIAN IMPORTS OF SALT.

Thousands of Tons.

Years ending March 31st.	From U.K.	From Germany.
1891	273	61
1892	222	103
1893	241	47
1894	269	48
1895	315	82

This does not look as if English salt were being ousted by German. In the second place, it is not true that German salt is much cheaper than Cheshire, at any rate so far as the Indian market is concerned. It will be found by reference to the Indian Blue Books that the price of German salt imported into India in 1894-5 works out to 17.6 rupees per ton, and the price of English salt only to 17.0 rupees per ton. In other words, German salt was of the two slightly the dearer. So much for the salt bogey which Mr. Williams had conjured up.

We next pass to chemical dye stuffs. It is undoubtedly true that in this branch of manufacture Germany has gone ahead at a remarkable rate, and it is also probable that some of our manufacturers have allowed themselves to be passed in the race by neglecting the scientific methods which Germans employ. But that is no reason why Mr. Williams should exaggerate his case. In order to magnify the fall in our trade, if such there be, he picks out the year of highest export (1890) and says, Lo! since 1890 our export of dye stuffs has dropped from £530,000 to £473,000. One cannot tell whether this is a real drop in trade, or merely the consequence of a fall in price, but this we do know—that the value of our exports fluctuates largely from year to year, and that 1895 was a good average year. The figures for ten years are given below:—

VALUES OF DYE STUFFS EXPORTED.

	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Thousands of £'s	483	499	469	492	531	524	443	452	415	473

FANCY SOAPS AND FANCY ASSERTIONS.

The last point in Mr. Williams's chapter on the chemical trades with which it is worth while to deal is what he says about soap:—

"In the old days, when brown Windsor was a luxury, Englishmen washed with soap of English make; and those who could not afford 'scented' cleansed themselves with 'yellow' or 'mottled.' Thanks (partly) to Continental chemistry, we have changed all that.... The progress of practical chemistry has evidently reached a point at which the manufacture of agreeable toilet soaps at a low figure is possible. But why should this manufacture be so largely in foreign hands? They twit us with our debased fondness for the tub, and they do but add injury to insult when they send us soap for use therein. The Germans—a non-tubbing race—have not yet invaded the English soap market so victoriously as is their wont, though even here the Teuton hand may be discerned by the expert in forged trade marks."

If this paragraph means anything at all, it means that even in the soap industry our manufacturers are being beaten by the foreigner. To what extent foreign soap is imported into the United Kingdom it is impossible to ascertain, for no separate entry under that head is kept at the Custom House. But from the German Green Books one may learn that in 1895 Germany sent to Great Britain soap valued at £35,700. The amount sent by France may have been as much, and probably the United States also sent us a little. The total export of German soap to all parts of the world in 1895 was valued at £197,000. Now for the British side of the case! As to the total production and consumption of soap in this country, no figures are available, but everyone knows how enormous is the consumption of soap produced by English firms whose names are household words. In addition to their providing for the wants of probably ninety-nine out of a hundred of their own countrymen, our soap manufacturers do an enormous and rapidly growing business abroad.

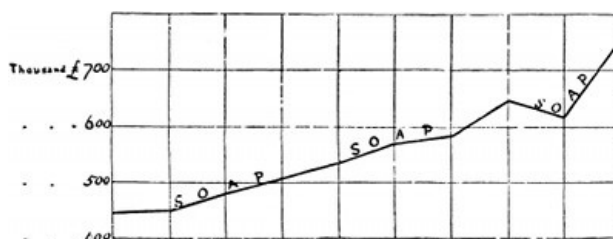
[19]

Here are the figures:—

EXPORTS OF SOAP FROM THE UNITED KINGDOM.

	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Quantities—thous ^d . cwts.	354	409	392	476	402	427	453	500	493	497	524	541	605	577	728
Values—thous ^d . £'s.	398	458	450	548	472	447	452	482	503	534	571	586	644	621	757

The following diagram illustrates the almost continuous increase in the value of our soap exports during the last ten years:—



(By permission of the Proprietors of the "Daily Graphic.")

Looking at the above figures, it will be seen that in the last six years alone we have added to our exports a sum greater than the total yet attained by Germany. Is it necessary to say more? What pessimistic madness could have led Mr. Williams to "black-list" such a splendidly-thriving and notoriously profitable industry as this, just because he finds a few thousand hundredweight of foreign soap creeping into the country?

[20]

ATTENTION was called in the last chapter to some of the picturesque exaggerations—to use the mildest possible term—in which Mr. Williams had indulged in dealing with the chemical trades. We now pass to the two chapters which he devotes to the iron and steel and their “daughter trades.” And at the outset let it be clearly understood that I do not for a moment deny that in some of these trades the progress of Germany has been relatively more rapid than our own. A child, if it is to grow at all, must move faster than an adult. An infant four weeks old doubles its age in a month; an adult takes thirty or forty years to double his. Nor can we expect that the whole world will stand still while Great Britain goes on every year adding to her strength. All that I do argue is that the shooting-up of the German infant does us on the whole no harm, and that there is nothing whatever in the figures of our trade to suggest that full-grown England is approaching senile decay.

“ICHABOD! OUR TRADE HAS GONE.”

With this general prelude let us turn to what Mr. Williams has to say about the industries connected with iron and steel. He opens by referring to a visit of the English Iron and Steel Institute to Düsseldorf in 1880:—

“And when the time of feasting and talk and sight-seeing was over, they returned to their native land, and there, in the fulness of time, they perused the fatuous reports of the British Iron Trade Association, which bade them sleep on, sleep ever. And they did as they were bid, until the other day, when they awoke to the fact that their trade was gone.”

Another paragraph, headed “Ichabod!” begins:—

“And now all that is changed. The world’s consumption (of iron) is greater than ever before. Yet our contribution in the years since 1882 has dropped at a rate well nigh unknown in the history of any trade in any land. From the 8,493,287 tons of 1882 pig iron has gone hustling down to the 7,364,745 tons of 1894.”

Truly Mr. Williams is an ingenious person. By picking out the two years 1882 and 1894 he has cunningly obscured the fact that the production of pig iron, as of everything else, is subject to fluctuations, and that 1894, following worse years than itself, will in all probability be followed by better. Here are all the figures for the last fifteen years for which statistics are available, with the German figures set beside them:—

[22]

PRODUCTION OF PIG IRON.
In Millions of Tons.

	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894
In the United Kingdom	7.7	8.1	8.6	8.5	7.8	7.4	7.0	7.6	8.0	8.3	7.9	7.4	6.7	7.0	7.4
In Germany	2.7	2.9	3.4	3.5	3.6	3.7	3.5	4.0	4.3	4.5	4.7	4.6	4.9	5.0	5.4

These figures show that Germany has without doubt been rapidly gaining upon us, but it is the grossest exaggeration to say that our trade “has gone.” As a matter of fact the output of pig iron in the United Kingdom rose to 7.9 million tons in 1895, and—according to the *Economist* of November 11th—the estimated output for the present year (1896) is 8.7 million tons. If that figure is realised it will be the largest on record. So much for Mr. Williams’s “Ichabods,” and all his talk of departed glory!

COMPARISONS SAID TO BE “ODIOUS.”

Turning to another paragraph headed “Odious Comparisons,” we find—

“Under the general heading of iron, wrought and unwrought, the returns of our German exports exhibit a fall from 374,234 tons in 1890 to 295,510 tons in 1895.... Of unenumerated iron manufactures Germany supplied us with 219,841 cwt. in 1890 and with 311,904 cwt. in 1895.”

Had Mr. Williams taken the trouble to convert the German figures from cwts. into tons he might have found this comparison somewhat less “odious.” If we send Germany 295 thousand tons against 15 thousand tons she sends us, our iron manufacturers have not much to grumble at. But, as a matter of fact, no reliance can be placed upon these particular figures, because, as was pointed out in a previous chapter, much of the stuff that we get from Germany is credited in our Blue Books to Holland and Belgium, and these countries in the same way are debited with a large amount of British stuff that ultimately finds its way to Germany. Exactly the same causes of error vitiate the figures published in the German Green Books, and it may safely be asserted that there is no means of ascertaining with even approximate accuracy how much British iron and steel goes to Germany and how much German steel and iron comes to Great Britain. What can be ascertained is the total export of German iron from Germany to all parts of the world, and the total export of British iron from the United Kingdom to all parts of the world. This comparison, which is one of the best means of testing the relative progress of Great Britain and Germany, is worked out in the following table:—

[23]

IRON AND STEEL GOODS.
In Millions of Tons, Metrical and British.

	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894
Total Exports from Germany (Metrical Measure)	.8	.7	.8	.8	.7	.7	.6	.8	.8	.8	.9
Total Exports from Belgium (Metrical Measure)	.4	.3	.3	.4	.4	.5	.4	.4	.4	.4	.4
Total Exports from United Kingdom (British Meas.)	3.5	3.1	3.4	4.1	4.0	4.2	4.0	3.2	2.7	2.9	2.6

The above figures undoubtedly show a distinct decline in British exports of iron and steel, but they also show that that decline is not due to the increased invasion of our own or of neutral markets either by Germany or by Belgium. It is due to a decline which subsequent events have shown to be temporary in the world's demand for iron and steel goods. Even were this decline permanent, it would not be the fault of our manufacturers, nor—except as a device for reducing their personal expenditure—is there any reason why these gentlemen should sit in sackcloth and ashes.

STATISTICAL LEGERDEMAIN.

We pass to the subject of shipbuilding. Mr. Williams is good enough to admit that England is actually at the head of the shipbuilding trade. But having made this admission, a pang of regret comes over him, and he tries to show that he is justified in putting even the British shipbuilding trade on his "black list." This is his argument:—

"In 1883 the total tonnage built in the United Kingdom was 892,216; in 1893 it reached only 584,674; in 1894, 'tis true, it rose to 669,492, but this is much below the total even of 1892, which was 801,548."

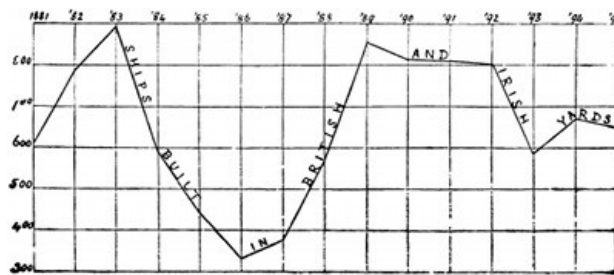
Again one can only admire Mr. Williams's ingenuity. Reading his paragraph, who would dream that between the years so skilfully selected for comparison the trade had experienced an enormous drop, and afterwards, to all intents and purposes, completely recovered itself; that then a smaller drop had occurred, and that this in turn was being fast made good? The best way to expose the above piece of statistical legerdemain is to give without further comment the whole of the figures for the past fifteen years. They will be found in the following table. With figures such as these before him—and they must have been before him—it is astounding that Mr. Williams should have ventured to put shipbuilding on his black list.

FIFTEEN YEARS OF BRITISH SHIPBUILDING.

Total Output of British and Irish Yards.
In Thousands of Tons.

1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
609	783	892	588	441	331	377	574	855	813	809	801	585	669	648

These figures may be illustrated as follows:—



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SHIPS BUILT FOR FOREIGNERS.

But his perverse ingenuity does not end with the paragraph quoted. A few lines lower down he says:—

"All these figures include vessels built for foreigners as well as those for home and the Colonies. The year in which we built most vessels for other nations was 1889, when we supplied them with 183,224 tons. The four following years showed a progressive decrease, getting down as low as 89,386 tons in 1893; and though 1894 showed an increase to 94,876 tons, their upward movement was slight compared with the successive decreases of the previous years."

The man who wrote these sentences obviously intended to convey to his readers the impression that our trade in the building of ships for foreign purchasers was a declining trade. That impression is false, and it is a little hard to understand how Mr. Williams could fail to see its falsity. The following figures show—what to most persons would be sufficiently obvious on reflection—that the tonnage of ships launched at our great yards varies largely from year to year. To pick out the year 1889, as Mr. Williams does, and declare that since that year there has been a decline in our sales to foreigners, is as grossly unfair as it would be, on the other hand, to pick out the year 1885, and say that since then there had been a fourfold increase.

SHIPS BUILT BY US FOR FOREIGNERS.

Thousands of Tons.

1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
108	116	124	91	36	39	70	91	183	161	139	109	89	95	128

WAR-SHIPS FOR FOREIGNERS.

The above figures include war-ships as well as merchant-ships built by us for foreigners, and, noting this fact, Mr. Williams is distressed to find what he calls a drop in our output of foreign war-ships. He writes:—

“Still more remarkable is the drop in our supply of foreign war-ships from 12,877 tons in 1874 to 2,483 in 1894.”

What is even more remarkable still is the fact that Mr. Williams should have dared to put such a statement before the public, knowing, as he must have known, how completely it misrepresents the truth. I wonder what he would have said of me if I had spoken of the remarkable *growth* in our output of foreign war-ships as evidenced by an *increase* from 14 tons in 1876 to 4,152 tons in 1895! Yet this statement would have been every bit as justifiable as his own. The whole truth of the matter of course is, that such an industry as the construction of foreign war-ships must vary enormously from year to year, and a comparison between any two single years can prove nothing, except the folly or the *mala fides* of the person who makes it. In order that the reader may see for himself the source from which Mr. Williams drew his “remarkable” statement, I append all the figures since 1870:—

WAR VESSELS BUILT FOR FOREIGNERS.

Years.	Tons.	Years.	Tons.	Years.	Tons.
1870	970	1879	716	1888	1,899
1871	80	1880	385	1889	726
1872	40	1881	5,338	1890	3,437
1873	280	1882	447	1891	300
1874	12,877	1883	270	1892	2,792
1875	12,280	1884	2,339	1893	2,471
1876	14	1885	5,462	1894	2,483
1877	3,435	1886	840	1895	4,152
1878	2,482	1887	3,966		

MACHINERY AND STEAM ENGINES.

It is becoming monotonous to follow Mr. Williams in detail through his ingenious misrepresentations. I will therefore hastily pass over the many pages which he devotes to “black-listing” sundry iron and steel manufactures. His black list, which includes “steam engines,” “other machinery,” and “tools and implements” of industry, is arrived at by giving only the figures for 1890 onwards and ignoring the preceding years. The unfairness of this procedure need not be again pointed out. The figures for a decade, or for a longer period, show that trade moves up and down, and that a depression in one year or group of years is succeeded by an elevation a few years later. Throughout his book, in instances too numerous to be especially mentioned, Mr. Williams has persistently ignored this obvious fact. Again and again he has picked out years favourable to his argument, while even a cursory glance at a series of years must have shown him that the truth was the exact opposite to his representation of the facts. Here are the figures for the last fourteen years, showing the relative progress of Great Britain and Germany in the export of all kinds of machinery, including the domestic sewing machine and the locomotive engine.

EXPORTS OF MACHINERY OF ALL KINDS.

(Including Steam Engines and Sewing Machines.)

In Millions Sterling.

	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
From United Kingdom	11·9	13·5	13·2	11·2	10·2	11·1	12·9	15·3	16·4	15·7	13·9	13·8	14·2	15·0
From Germany	3·1	3·3	2·8	2·5	2·4	2·6	2·8	3·1	3·3	3·3	3·1	3·2	3·9	—

TEXTILES.

To our textile industries Mr. Williams has devoted a chapter which is one of the gloomiest in his book. Let it be at once admitted that we are no longer the monopolists of the textile industries of the world to the extent to which we once were. Nor could any sane man expect that we should for ever retain our former exceptional position. Other nations move as well as we. They buy the machines which we invent and make; they employ our foremen to teach them the arts we have acquired, and in time they learn to weave and spin for themselves instead of coming to us for every yard of cloth or every pound of yarn. This relative advancement of foreign nations and, too,

of our own Colonies and Dependencies was and is inevitable. It is part of the general industrialization of the world. But what we have to note with satisfaction is that this process has involved little or no positive loss to us, that we are still far ahead of all other nations in the production of textiles, and that even in those cases, notably the woollen industry, where our export has fallen off we can point to an increased demand by our own people for the goods we manufacture. It is not in this spirit that Mr. Williams will look at any British industry. Even where he has a fairly good case, he spoils it by gross exaggeration and by the suppression of counterbalancing facts.

COTTON YARN AND THE PRICE THEREOF.

Dealing first with cotton, he follows his usual device of picking out bumper years, and then exclaiming, "See what a fall since then!" he goes on:—

"A consideration of moment is that this decline in values does not signify a corresponding decline in quantities. On the contrary, in yarn manufactures, with an actual increase in the exported weight, there is a decrease in the cash return. Thus in bleached and dyed cotton yarn and twist there was a qualitative rise between 1893 and 1895 from 36,105,100 lb. to 40,425,600 lb., with a fall in the value thereof from £1,862,880 to £1,832,477. Between 1865 and 1895 the average price per lb. of cotton yarn declined from 23·98d. to less than 8·85d. 'Tis a good enough explanation of the vanishing dividends, the low wages, the lack of enterprise and initiative."

[28]

Mr. Williams must either be very innocent, or expect his readers to be. He apparently has forgotten that the most important element in the price of cotton yarn is the price of the raw cotton out of which the yarn is spun. What the Lancashire spinner cares about is not the absolute price of yarn or the absolute price of raw cotton, but the margin between the two. If that be satisfactory his profit is secure. Therefore, the mere statement that the prices of yarn have fallen so much in so many years, by itself explains nothing. As a matter of fact the price of cotton yarn has followed, and continues to follow, very closely the price of raw cotton, the spinners' margin remaining fairly constant. It is useless to go back to 1865, when the most careless economist might surely have remembered that the American war made cotton dear, and machines were less efficient than they now are. But I have taken the trouble to work out for the last ten years, from figures kindly supplied by the Manchester Chamber of Commerce, the average margin between the price of a pound of standard yarn (32's twist) and a pound of standard cotton (middling American). The result shows that while the spinners' margin was slightly less in 1895 than in 1893, it stood at practically the same figure as in 1892 and 1894, and was a good deal higher than it had been in 1886. So that here again there is no real foundation for Mr. Williams's statement.

THE DAYS OF BIG FORTUNES.

It is undoubtedly true that big fortunes are no longer made in the cotton trade, or at any rate not so rapidly as in the days when cotton spinners waxed fat on the labour of tiny children who had to be flogged to keep them awake. It is also true that many joint-stock spinning companies have paid no dividends, and that many have collapsed altogether. But those who know anything of Lancashire know that a very large number of these companies were not started in response to any real increase in the demand for cotton goods, nor on account of any genuine anticipation of such an increase. They were started, as a good many companies are started in a county south of Lancashire, in order to put money into the promoters' pockets. Having served that purpose they were allowed quietly to collapse. Lancashire does not miss them. That the cotton trade, as a whole, is in a healthy condition in spite of these manœuvres of the company-promoter will be seen from the figures relating to cotton in the following table, and from the diagram that illustrates them:—

[29]

TEXTILES.

YARNS. Ten Years' Exports. In Millions of Lbs.

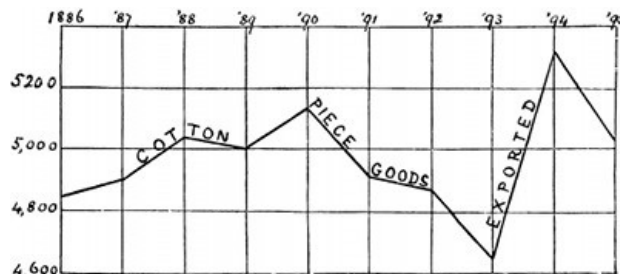
	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Cotton	254	251	256	252	258	245	233	207	236	252
Jute	31	24	27	34	34	33	26	29	35	35
Linen	16	16	15	14	15	15	15	16	16	17
Silk	·6	·6	·6	·8	·8	1·0	·7	·8	·8	·7
Woollen	46	40	43	45	41	41	45	50	53	61

PIECE GOODS, ETC. Ten Years' Exports. In Millions of Yards.

	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Cotton	4,850	4,904	5,038	5,001	5,125	4,912	4,873	4,652	5,312	5,033
Jute	216	244	232	265	274	284	266	265	233	255
Linen	164	164	177	181	184	159	171	158	156	204
Silk	7	7	8	10	10	6	6	6	6	7
Woollen ^[2]	273	281	264	268	253	223	213	194	168	242

[2] Includes "Woollen Tissues," "Worsted Coatings and Stuffs," "Damasks, Tapestry, and Mohair Plushes," "Flannels," and "Carpets and Druggets."

The figures for cotton piece goods may be illustrated as follows:—



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LINEN, SILK, AND WOOLLENS.

[30]

So much for cotton! With regard to linen, it is unnecessary to follow in detail what Mr. Williams says, for he himself admits that the decline which has taken place since the 'sixties is largely due to a change in fashion, jute and cotton goods taking the place of linen. In the last decade, however, as will be seen from the above table, the linen industry has held its own. With regard to silk, the figures show that there is no cause for serious alarm. In woollens, on the other hand, there is apparently better ground for Mr. Williams's mourning. The table on the preceding page points to a distinct downward tendency in our export of woollen manufactures, a tendency which has been only partly checked by the inflation of 1895. If this were the whole truth about our woollen trade, it might be conceded that here at any rate Mr. Williams had made out his case. But it is not the whole truth. Almost *pari passu* with this decline in our export of woollens, which began some twenty years back, there has been a steady increase in the consumption of our woollen manufactures by our own people, and this increased home demand has *more than made good* the decline in the foreign demand.

THE EXPANSION OF OUR WOOLLEN INDUSTRY.

The proof of this statement will be seen in the following figures. During the five years, 1870 to 1874, the average yearly import of raw wool into the United Kingdom was 342,000,000 lb.; during the years 1890-94 the average was 475,000,000. That gives the measure of the enormous increase in the amount of the raw material worked up by our woollen manufacturers. Take next the question of the amount of labour employed. Unfortunately, there are no official figures since 1890, but that year will serve. Here is the comparison:—

PERSONS EMPLOYED IN WOOLLEN AND WORSTED MILLS.

	Men.	Women.	Children.
1870	94,000	116,000	24,000
1890	118,000	156,000	23,000

These figures are doubly satisfactory, for they point, first, to a large increase in the adult labour employed; and, secondly, to a small but gratifying decrease in child labour.

THE NATURE OF GERMAN COMPETITION.

[31]

To still further reassure politicians and others who have been alarmed by Mr. Williams's book, I may quote two passages from lectures on German competition recently delivered in the West Riding. The first is from a lecture by Professor Beaumont, delivered in the Yorkshire College in October last. From the report in the *Leeds Mercury* of October 10th, I take the following:—

"In the woven fabrics imported from Germany we have examples of the standard of workmanship attained in German mills. These textures chiefly comprise low mantle cloths and cloakings, and limited quantities of dress stuffs composed of mixed materials, showing that almost invariably it was the price which caused these goods to sell in British markets. Viewed from this standpoint, there is an impregnable argument in favour of our industrial pursuits; for in all classes of fancy fabrics of a high quality, whether in woollen, worsted, cotton, linen, or jute materials, the manufacturers of the United Kingdom have scarcely felt the effects of German competition."

My second quotation is from a lecture delivered by Mr. Swire Smith, of Keighley, at the Bradford Technical College, and reported in the *Bradford Observer* of November 27th last:—

"Those who tell us that our English worsted industry is being ruined by the competition of Germany, must be unaware of the fact that the German worsteds, whose increasing exports were creating such alarm among the Fair-traders, are mainly composed of yarns 'made in Bradford.' Indeed, Bradford afforded a concrete example of the effect of German competition, for it would be difficult to say which country had benefited most by it. The export of woollen, worsted, and alpaca yarns to Germany in the average of the following periods of years amounted in 1880-85 to 41,500,000 lb. per year; 1890-95, to 63,800,000 lb. per year; and 1895, to 78,900,000 lb. Bradford had been the greatest contributor to German success in the weaving of worsteds and alpacas, and Germany had been the greatest contributor to the success of the spinning industry of Bradford by buying its yarns. To put a tax on German worsteds that would shut them out of England would stop the sale of Bradford yarns in Germany."

That is enough about woollens. About jute a couple of sentences will suffice. In order to make the facts in this trade look worse than they are—there is nothing really bad about them—Mr. Williams first places German figures in marks side by side with English figures in pounds sterling, and then plays what can only be called the "percentage trick." The German increase in eleven years, he says, is at the rate of 1,100 per cent., while the British is only 19 per cent. Remarkable! Yet Mr. Williams might have discovered from his own figures, if he had only taken the trouble to turn marks into pounds, that the German increase in eleven years was only £107,000, while the British increase was £412,000. In other words, our increase was almost four times as great as Germany's, and our total is now £2,588,000, against their total of £117,000. Exactly the same percentage trick is employed by Mr. Williams in comparing German and English trade with Japan. In this case there is also an important error in his arithmetic; but let that pass. The trick consists in deluding the uncritical reader into the belief that German trade with Japan is increasing faster than our own, whereas during the period selected by himself for comparison our increase has been almost exactly double the German increase. It is by devices such as these that Mr. Williams has succeeded in filling his pages with gloomy statements and gloomier prophecies. To track him further along his tortuous path would be profitless. "Here ends," he writes at the close of one of his most despairing and most deceptive chapters, "the tale of England's industrial shame." If candour should be an essential to fair controversy, there is other shame than England's to be ended.

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CHAPTER V.

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OUR GROWING PROSPERITY.

HAVING now shown, both generally and in detail, how absolutely void of foundation are many of the most gloomy statements in "Made in Germany," we can dismiss Mr. Williams and his fanciful forebodings, and examine instead the direct and abundant evidence of the growing prosperity of our country. The first point to notice is the immense development of our shipping industry. In the last quarter of a century the tonnage of shipping engaged in foreign trade entering our ports has more than doubled, and this increase has been steady and persistent, with no retrogression worth noticing in any year. But that is not all. Twenty years ago the proportion of British ships engaged in this foreign trade of ours was only 67 per cent. of the total; it is now well over 72 per cent. In the same period the number of tons of shipping per hundred of the population, taking entries and clearances together, has risen from 130 tons to 200 tons. No other country can point to such figures. Germany, starting from small beginnings, has improved rapidly, but her totals are insignificant compared with our own. Only 43 per cent. of her foreign trade is carried in her own ships, as against nearly 73 per cent. in our case, while per hundred of the population the shipping to and from her ports is less than a quarter of ours. If we turn to France we find that while the total shipping to and from French ports has increased as rapidly as with us, the proportion carried under the French flag has appreciably fallen. In the case of the United States there has been a still greater fall. Twenty years ago 33 per cent. of the foreign trade of the United States was carried in United States ships, now the proportion is only 23 per cent. The following table shows the growth of shipping of all kinds to and from British ports:—

TWENTY-FIVE YEARS' SHIPPING TO AND FROM PORTS OF THE UNITED KINGDOM.

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Entries and Clearances together, in Millions of Tons.

Average of Five Years.	FOREIGN TRADE.		COASTING TRADE.
	Under British Flag.	Total.	In this Trade practically all the Shipping is British.
1870-74	28	42	38
1875-79	35	51	46
1880-84	43	61	50
1885-89	49	67	54
1890-94	55	75	58
Year 1895	59	81	61

In order to further compare our progress with the progress of other countries the following table has been prepared to show the relative position of the principal countries now and twenty years ago. If we consider merely the rate of progress, the German percentage of increase is undoubtedly better than ours. But in national life, as in individual, it is not percentages but amounts that are important, and the table shows that while Germany has added 6,000,000 tons to her shipping, we have added 27,000,000 tons to ours. As long as anything similar to that proportion is maintained we have no need to fear German rivalry.

BRITISH AND FOREIGN SHIPPING.

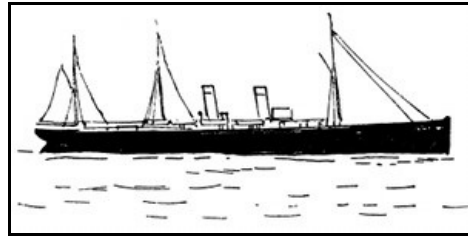
In Millions of Tons.

Average Annual Entries and Clearances.	1870-74	1890-94

British tonnage engaged	in the foreign trade of the U.K.	28	55
German	" " " Germany	4	10
French	" " " France	5	9
United States	" " " the U.S.	7	9

The figures for 1890-94 may be illustrated diagrammatically as on opposite page.

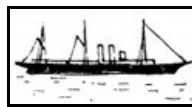
It must be noticed that this comparison takes no account of the enormous carrying trade done by this country for foreign countries or British Colonies trading with one another; nor are there figures available for showing how in this matter we compare with our rivals. The figures, if they existed, would show that in this international industry Great Britain is first, and the rest of the world nowhere.



United Kingdom.



Germany.



France.



United States.

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Before passing to another point it is worth while to call attention to the enormous development of the coasting branch of our shipping trade, as shown in the figures given above. This branch of shipping is really of the nature of internal traffic, as distinguished from foreign trade. That it should have increased so steadily and so rapidly is by itself a striking proof of the commercial activity of the country.

THE DEVELOPMENT OF OUR RAILWAYS.

Proof even more convincing is apparent in the enormous development of our railway system. It is difficult to know from which side first to approach the tremendous figures in which this development is portrayed. Taking, at hazard, mileage first, we find within the last twenty-five years an increase of 6,000 miles in our railway system—namely, from 15,000 in 1870, to 21,000 in 1895. Of this increase, 2,000 miles are due to the last decade. Looking next at the capital expenditure, we find that in the ten years from 1885 to 1895 the total capital of the various railway companies of the United Kingdom rose from 816 millions sterling to 1,001 millions. Part of this immense increase was, it is true, only nominal, being due to consolidation of stock, etc. But when all allowance has been made on that score, we are left with a real net increase in the ten years of 170 millions sterling. During the same period of ten years the receipts from passenger traffic rose from 30 millions sterling to 37 millions, while the receipts from goods traffic rose from 36 to 44 millions. In the last quarter of a century the number of passengers carried by the railways, exclusive of season-ticket holders, has risen from 337 millions to 930 millions. Were it possible to record the number of journeys made by season-ticket holders, we should obtain an even more striking picture of the development of passenger traffic on our railways. Such figures as are available are given in the next table, and illustrated by the accompanying diagrams:—

THE RAILWAYS OF THE UNITED KINGDOM.

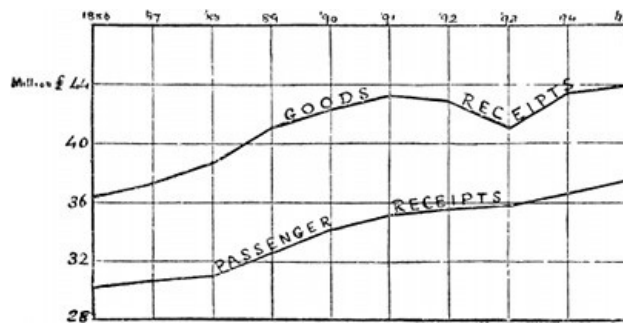
Ten Years' Work and Receipts.

	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Goods carried:—Million Tons	255	269	282	297	303	310	309	293	324	334
Passengers carried: Million persons	726	734	742	775	818	845	864	873	911	930
Goods receipts:—Million £'s	36·4	37·3	38·7	41·1	42·2	43·2	42·9	41·0	43·4	44·0
Passenger receipts: Million £'s	30·2	30·6	31·0	32·6	34·3	35·1	35·7	35·8	36·5	37·4

The figures may be illustrated diagrammatically as follows:—

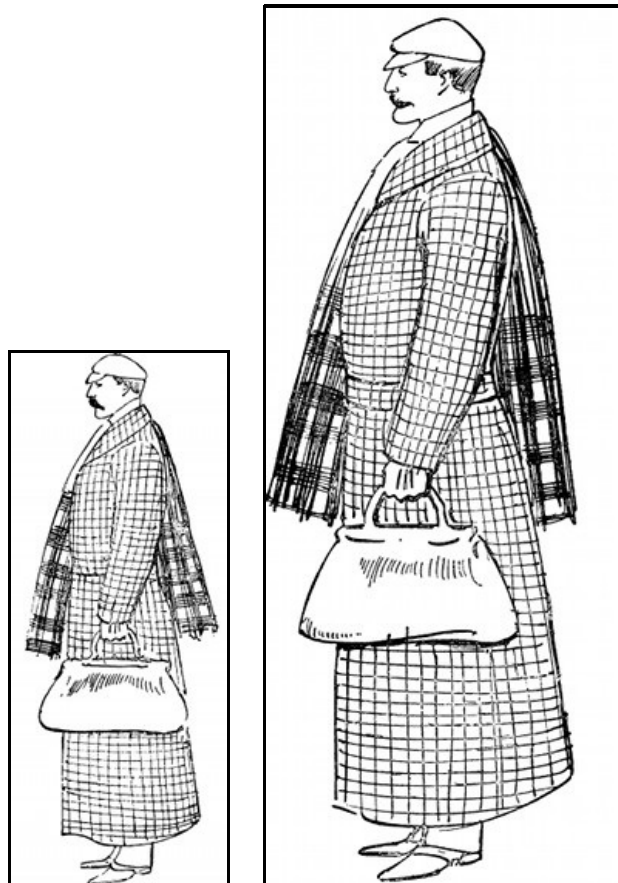
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1870—337 Millions.

1895—930 Millions.

RAILWAY PASSENGERS OF THE UNITED KINGDOM (exclusive of season-ticket holders).

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These diagrams and the figures they illustrate hardly look as if the nation were on the verge of decay, ruined by German cheap goods. If such be the signs of national collapse, no country in the world can be called prosperous. For there is this feature about our railway development which entirely differentiates it from the railway expansion of newer countries—that every pound of capital required has come out of our own pockets: we have borrowed from no one. Instead, while planking down in ten years 170 new millions to add to our own railways, we have been lending with large hands to railway builders in every part of the globe.

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LENGTHENING TRAM LINES.

From railways we pass to tramways. Here the figures are less considerable in amount, but they are striking enough. In 1876 there were only 158 miles of tramway open for public traffic; by 1885 that number had risen to 811 miles, and by 1895 to 982 miles. In the same periods the paid-up capital had increased from 2 millions sterling to 12, and thence to 14 millions. Lastly, between 1885 and 1895 the number of passengers carried upon tramways has risen from 365 millions to 662 millions. These figures are principally interesting because the tramcar is essentially a popular means of conveyance. If the working-classes of this country are being reduced to starvation, as the Protectionists say, by the invading Teuton, it is astounding that they should be able to afford so many pennies to pay for tram fares.

POST OFFICE EXPANSION.

From this last comparatively limited but not unimportant test of the general prosperity of the country, we pass to the Post Office returns. Next to the test of railway traffic, already dealt with, no better evidence of the prosperity and commercial activity of a country can be found than is

furnished by the growth of post office business. A nation whose trade is being filched from it by foreigners, whose blast furnaces are cold, and whose looms are silent, as Mr. Williams would have us believe, does not add every year forty million letters to the amount of its correspondence. Yet this is what we have been doing in the United Kingdom for a good many years past. Starting from the year ending March 31st, 1878, when a slight alteration was made in the method of presenting the statistics, we find that in the nineteen years that have since elapsed the number of letters delivered annually has increased from 1,058 millions to 1,834 millions. In the same period postcards have increased from 102 millions to 315 millions; newspapers and book packets, from 318 to 821 millions. Moreover, the increase has been steady, with one significant exception. In the year 1894-95, which was notoriously a year of bad trade, there was a drop in the number of letters delivered. The drop was more than made good in 1895-96. Turning to telegrams, we find a similar story. Here we are compelled to start with the year 1886-87, the first complete year after the introduction of sixpenny telegrams. In the ten years that have since elapsed the number of telegrams delivered has steadily increased from 50 millions to 79 millions.

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EVER-GROWING INCOMES.

Another test of our national prosperity is furnished by the income tax returns. When the annual value of the property and profits assessed for income tax exhibits a steady increase, it is hard to believe that our manufacturers, and all the classes that depend upon them for support, are being ruined by Germans or by anybody else. Here are the figures:—

INCOME TAX ASSESSMENTS.

In Millions Sterling.

Five Years' Average.	Schedule D.	All Schedules.
1870-74	210	490
1875-79	263	575
1880-84	268	601
1885-89	292	634
1890-94	350	699

The return from which the above figures are taken stops with the year 1894; but a somewhat similar comparison was brought up to date in the last Budget speech of the Chancellor of the Exchequer. The following table is taken from the "explanatory memorandum" that accompanied that speech:—

YIELD PER PENNY OF THE INCOME TAX.

Year Ending March 31st.	Yield per Penny.	Ten Years' Growth, after allowing for alterations in the incidence of the tax.	
		Amount of Growth.	Percentage of Growth.
	Thousand £	Thousand £	Per Cent.
1876	1,978	—	—
1886	1,980	62	3.23
1896	2,012	207	11.47

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With such figures as these available it is difficult to understand how people can continue to pour forth nonsense about the ruin of our national industries. During the very decade in which the blight of German competition was supposed to have destroyed the profits of our manufacturers, it is clear from the above infallible test that the incomes of our commercial, professional, and property-owning classes have been growing with increasing rapidity.

REDUCTION OF NATIONAL DEBT.

Passing from taxation to the question of what has been done with the taxes, it is sufficient to select one fact for comment—the enormous reduction in the National Debt. Here are the figures:—

THE INDEBTEDNESS OF THE NATION.

	Aggregate Gross Liabilities.	Per Head of Population.
1876	£776,000,000	£23 13 9
1886	£745,000,000	£20 13 8
1896	£652,000,000	£16 13 2

That is to say, that within the past ten years—the years of alleged depression and blight—we have reduced our national indebtedness by over 90 millions sterling. During the same period it is worth while to point out that we have expended enormous sums in the almost complete reconstruction of our navy. Meanwhile Germany—the hated rival—has, since the war, added as

SOME STAPLE COMMODITIES.

In case the pessimists and the Protectionists should be still unconvinced by these proofs of national prosperity, let us turn to a new series of tests, the test of consumption. The great staple commodities which we will first take (cotton, wool, and coal) are partly required for manufacturing purposes and subsequent export, and partly for home use. The word "consumption" covers both uses, and we cannot, except in the case of wool, readily ascertain to which use the greater effect is attributable. In the case of wool it so happens, as was previously pointed out, that our export trade in manufactured goods has declined. But since the total consumption of raw wool by the United Kingdom has gone on increasing, it is clear that the decline in woollen exports has been more than made good by the increased home demand, unless, indeed, it be imagined that woollen manufacturers go on weaving an endless web which nobody wears. Nor is that all, for the figures of our import trade show that in addition we are importing considerable and increasing quantities of foreign woollen manufactures. So that not only have the home consumers more than recouped the British woollen manufacturer for the decline of his export business, but so great is their purchasing power that they can, at the same time, afford to send abroad for fresh woollen stuffs to please their fancy. Here are the figures showing the consumption by the inhabitants and manufacturers of the United Kingdom of three staple articles referred to:—

CONSUMPTION OF COTTON, WOOL, AND COAL IN THE UNITED KINGDOM.

Average of Five Years.	Cotton (Raw) Million lbs.	Wool (Raw) Million lbs.	Coal Million Tons.
1870-74	1,178	342	108
1875-79	1,221	353	118
1880-84	1,445	354	136
1885-89	1,467	416	141
1890-94	1,590	475	151
Year 1895	1,635	510	157

With regard to the figures for cotton in the above table, it is only necessary to remark that the British manufacturer, whether for sale abroad, or for sale at home, is clearly working up more stuff than ever before. The figures for wool have already been explained. With regard to coal, the figures necessarily include both domestic and industrial consumption; but whichever be the more important element, the totals are remarkably healthy.

PERSONAL AND DOMESTIC EXPENDITURE.

An even better test of the increased spending power of the nation is furnished by the figures giving the rate of consumption of such articles of everyday use as tea, sugar, and tobacco. It will be seen from the following table how rapidly our national consumption of these staple articles has increased during the past decade—the decade of alleged ruin:—

TEA, SUGAR, AND TOBACCO.

Year ending March 31st.	Lbs. consumed by every 100 persons.		
	Tea.	Sugar.	Tobacco.
1876	451	6,078	147
1886	465	7,028	144
1896	574	8,916	169

It is useless to worry the reader with further figures. Evidences of the prosperity of the country are around us on every side for those to see that have eyes to see—a higher standard of dress in every class of the community; better built and better furnished houses for artisan and labourer, as well as for millionaire; new public buildings, new libraries, new hospitals; improved paving, improved water-supply, improved drainage; more newspapers, more theatres, more lavish entertainments; in a word, a higher standard of comfort or of luxury in every domain of life.

CHAPTER VI.

LET WELL ALONE.

THE preceding chapters have been mainly statistical. Their object has been to show, by producing the best evidence available, that alarmists like the author of "Made in Germany" have no real ground for their fears, that British trade is not going to the devil, but that, on the contrary, the nation as a whole is in a condition of marvellous and still rapidly-growing prosperity. If that be so, if there be no disease, then obviously is there no need for the remedy which Mr. Williams and

other Protectionists are anxious to foist upon the country. But though that conclusion will be sufficiently obvious to most minds, there are among us hypochondriacal persons who never think that they are quite well, and these unfortunates will still hanker after some patent medicine to cure their imaginary ills. It is worth while, therefore, briefly to point out how utterly unsuited to our alleged ailments, even if they existed, is the remedy which the Protectionists propose.

THE CASE FOR PROTECTION.

Personally I am not a fanatical believer in Free Trade, or, for that matter, in anything else except the law of gravitation and the rules of arithmetic. I am quite willing to admit that there are circumstances under which a Protectionist tariff might be advantageous to a country. But the practical question is whether, under the present circumstances of Great Britain, Protection is likely to bring any advantage to her. In dealing with that question I will venture at the outset to deny that Protection has been any real advantage to Germany. The Protectionists are fond of arguing that the heavy import duties which Germany levies on British goods have enabled German manufacturers in the first place to secure their home market, and in the second place to build up an enormous export trade at our expense. The argument is plausible, but it suffers from one fatal defect: it is unsupported by facts. As one reads the writings and listens to the talk of Protectionists, one's mind becomes unconsciously saturated with the notion that British trade is rapidly declining and German trade as rapidly increasing. It is upon this implied proposition that all their arguments are based; this is the primary postulate upon which rests their whole house of cards.

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THE ALLEGED EXPANSION OF GERMAN TRADE.

But what are the facts? I have looked carefully through the figures showing the progress of German trade during the last ten or fifteen years, and I can discover no difference in character from the figures which show the progress of British trade. Let the reader look for himself. He will find the figures for fifteen years set out in the following table, and a diagram to illustrate them. Let him notice that what is called the *entrepôt* trade, consisting of goods merely passing through the one country or the other, is in these figures excluded from the comparison. Thus "British imports" here means the total imports into the United Kingdom, *minus* those goods which are subsequently re-exported; "British exports" means all articles of British production exported from the United Kingdom. The same interpretation applies to the German figures, all goods in transit through Germany one way or the other being excluded. The comparison is therefore complete. And what does it show? That, so far from Germany's export trade increasing by leaps and bounds, while ours is steadily declining, German trade has followed, though at a lower level, the same general course as British trade. Therefore, whatever else Protection may have done for Germany, it certainly has not improved her export trade as compared with that of the United Kingdom. An even more striking demonstration of the utter hollowness of the Protectionist case can be seen when we turn from exports to imports. If Protection is to do anything for a country it must at least diminish imports from abroad while increasing exports from home. That is the whole object of Protection, the great ambition which every Protectionist statesman sets before him. Has Protection done this for Germany? Once again let the reader look for himself at the figures and the diagram. He will see that while German exports have remained stationary, German imports have very largely increased, and moreover that their increase has been relatively greater than the increase of imports into Free-Trade England.

BRITISH AND GERMAN TRADE COMPARED.

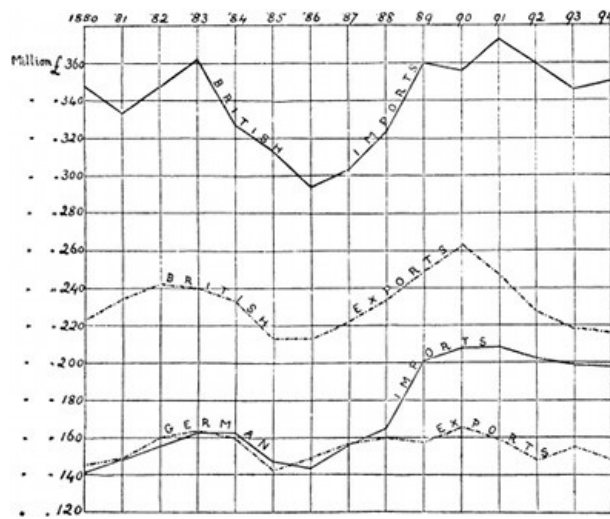
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Fifteen Years' Imports and Exports, exclusive of Goods in Transit.

In Millions Sterling.

	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894
Brit. Imports	348	334	348	362	327	313	294	303	324	360	356	373	360	346	350
Brit. Exports	223	234	242	240	233	213	213	222	234	249	263	247	227	218	216
Ger. Imports	141	148	156	163	163	147	144	156	165	201	208	208	202	199	198
Ger. Exports	145	149	160	164	160	143	149	157	160	158	166	159	148	155	148

These figures may be illustrated diagrammatically as follows:—



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WOULD PROTECTION HELP US?

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So far, therefore, as Germany is concerned, Protection has been, for the general ends for which it was intended, a complete failure. Is there any reason to believe that it would be more successful in Great Britain? Every consideration of common sense points the other way. What Germany had to do was to build up comparatively new industries, in face of the overwhelming competition of Great Britain. In some instances she has been successful, and in some instances it is possible that Protection may have helped her by giving particular manufacturers an advantage in their home market at the expense of the whole German nation. But in England we have no such task to undertake. Our industries are already established; our wares are already known in every quarter of the globe; it is our competition that every other manufacturing country dreads. Nor is that the only difference. In Germany and in France and in the United States it is the home market that Protectionist manufacturers and Protectionist statesmen are anxious to secure. All their efforts are directed towards preventing their own citizens from purchasing British or other foreign goods. But with us the home market is not the primary consideration. Our business is with the whole world: our customers are of every race and colour from the patient Chinaman to the restless New Englander, from the supple Bengalee to the African savage. If we can keep their custom we need have no fear of our power to satisfy the wants of our own countrymen.

ON WHAT SHALL WE LAY A TAX?

It is, indeed, just because the advance of Germany in a few limited directions has scared some people into the belief that we are losing our foreign trade, that such books as Mr. Williams's "Made in Germany" are written. The whole point of their lament is that Germany is ousting us from neutral markets. Assume that it is so—though it is not—what then? How will Protection help us to maintain the hold we are said to be losing? All that Protection can do is to make more difficult the entry of foreign goods into our own country. But what are the foreign goods that enter our country? Four-fifths at least are food or the raw materials of manufacture. In support of this statement I must refer the reader to the Custom House returns to make his own classification. After going through the figures carefully I arrive at the following rough result for 1895:—

	Million £'s.
Food and Drink	177
Raw Materials	163
Manufactured Goods	76
Total Imports	416

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Colonel Howard Vincent, I see, puts the total of manufactured goods at 80 millions. His figure will serve as well as mine. Either shows clearly enough the character of the great mass of our imports. On which of the two main branches, on food or on raw materials, do the Protectionists propose to levy a tax? It is a strange way of helping our manufacturers in their struggle for the markets of the world to impose additional taxation on the food of their workpeople or on the raw materials of their industry.

A NEW ROAD TO FORTUNE.

There remains the comparatively small amount of manufactured goods we import, representing articles which our manufacturers cannot or will not produce at all, or cannot produce so cheaply as the foreigner does. Supposing we taxed every one of these articles as it entered our ports, where would the advantage be to British manufacturers whose main ambition is to send their goods abroad? There is, it is true, just one possibility of benefit to them. It is possible that the imposition of a tax on some of these foreign manufactured articles would enable the British manufacturer so to raise his prices in the home market that he could afford to forego all profit on

his sales abroad and sell to his foreign customers at or below cost price. That is the only conceivable way in which a Protective tariff could help the British manufacturer in his rivalry with his German competitors for the markets of the world. As for the cost of this topsy-turvy system of trade it is to be borne of course by that patient ass the British public. The British consumer is to be compelled to pay more dearly for certain goods in order that some other people, Japs or Chinamen, may be able to buy those goods below cost price. Here, again, I will not assert that such an apparent act of folly is not worth committing under given conditions. I can imagine a firm or a country consenting for a time to work for less than no profit in order to get a foothold in a new market. But we already have the foothold, and have already worked it for what it is worth. If now we discover that, for one reason or another, there is no more profit in it, surely our wisest policy is to try something else. Otherwise we might continue for ever to sell at a loss—individual or national—for the sole pleasure of adding to the total figures of our turnover. Even the Protectionists would hardly contend that along such lines lay national prosperity.

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INTER-IMPERIAL TRADE.

There is, however, another, though not entirely distinct, proposal for dealing with the alleged mischief of German competition. It is this—that we should try and persuade our Colonies and Possessions to give preferential treatment to our goods in return for a similar preference accorded by us to their goods. It would be unfair to call this scheme Protectionist in the ordinary sense of the term, for it is inspired as much by the desire to bring about a closer union of different portions of the empire as by the fear of foreign competition; but as it is with the question of foreign competition that we are here primarily concerned, we will deal first with the Protectionist side of the proposal. On this side the object aimed at is the destruction or diminution of foreign competition in our Colonial markets. Undoubtedly, were the Colonies willing to make the necessary tariff adjustments in our favour, that object could be attained and our German rivals could be excluded in part or in whole from Canada, from Australia, from India, or from the Cape. So far so good. But what would that exclusion be worth to us? In a previous article I referred to figures showing how insignificant as compared with our own is German trade with our Colonies. It is worth while to present these figures in a fuller form. They will be found in the following table:—

IMPORTS INTO THE FOLLOWING BRITISH POSSESSIONS.
Average of the Three Years—1890, 1891, 1892.
In Millions Sterling.

	Total Imports from all Countries.	Amount from United Kingdom.	Amount from United States.	Amount from Germany.	Amount from France.
India	84	58·9	1·5	1·6	1·2
Australasia	66·6	28·4	2·6	1·6	·3
South Africa	12·7	10·3	·4	·2	·04
North America	24·6	9·2	11·2	·8	·5
West Indies	6·4	2·8	1·9	·05	·1
Other British Possessions	31·4	6·6	·6	·4	·6
Total	225·7	116·2	18·2	4·6	2·8

These figures are, unfortunately, two or three years behind date, and probably a later return would show that the proportion of British exports to our principal Colonies had fallen off and the German proportion somewhat increased, but this change has certainly not been sufficiently great to affect the general aspect of the table. That table shows that more than half of the total import trade of our Colonies is in our hands, and that our three principal rivals together have little more than a tenth of the whole trade. Indeed, were it not for the inevitably big trade of the United States with Canada, our three rivals together would only have about one-fifteenth of the trade of our Colonies. As for Germany in particular the table shows that the amount of the trade she has so far been able to secure is absolutely insignificant in comparison with our figures.

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THE COST TO THE COLONIES.

“But,” argue the preferentialists, “German trade with our Colonies has been growing rapidly, and may continue to grow.” Possibly it may, if our manufacturers go to sleep; but what we have here to consider is whether it is worth while to take any political action to stop the possible growth of a competing trade which at present is insignificant in amount. Remember that if such action is taken by the Colonies to please us, we shall have to pay a price for their complaisance—for their loss by the exclusion of German or any other foreign goods would be twofold. In the first place the Colonial consumer would suffer. He now buys certain German goods because they suit him best, either in quality or in price. That privilege it is proposed to take from him. His loss is therefore certain. Secondly, there is a considerable danger of injury to the Colonial producer. If the Colonies close their markets to German goods Germany may retaliate by closing her markets to Colonial goods; and Germany is, so far as the trade goes, a fair customer to the British Colonies. Here are the figures:—

	Imports from Germany.	Exports to Germany.
India	1,556	5,338
Australasia	1,631	1,106
South Africa	228	113
North America	781	113
West Indies	52	85
Other British Possessions	351	691
Total	4,599	7,446

WHAT CAN WE OFFER?

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This table shows that the Colonial producer stands to lose as much, or more, than the Colonial consumer by cutting off trade connections with Germany. What can we offer in return? It is suggested by the advocates of preferential trade that we should offer better terms to Colonial products in our markets. But already all Colonial products, except tea and coffee, enter the United Kingdom free, therefore we can only give better terms to the Colonies by imposing a tax on those foreign products which compete with the principal Colonial products. What, then, are these competing products? With some trouble I have extracted from the Custom House returns the following list of articles in which there seems to be tangible competition between foreign countries and British Possessions:—

COLONIAL *VERSUS* FOREIGN GOODS.

Principal Competing Articles Imported into the United Kingdom in 1895.
Millions Sterling.

	From Foreign Countries.	From British Possessions.
Animals, Living	7·5	2·4
Bacon and Hams	10·1	·7
Butter and Cheese	14·8	4·0
Caoutchouc and Guttapercha	2·9	1·2
Copper	3·9	1·1
Corn and Flour	44·0	5·7
Dye Stuffs and Dye Woods	2·3	2·5
Fruits	5·8	·6
Hides, Skins, and Furs	3·8	3·6
Leather	4·6	3·5
Linseed	2·3	1·1
Meat, Salt and Fresh	6·9	4·8
Oils	2·9	1·6
Rice	·6	1·4
Sugar (Unrefined)	6·8	1·5
Tallow and Stearine	·4	2·1
Wood and Timber	12·4	4·0
Wool	4·6	22·8
Coffee	2·6	1·1
Tea	1·6	8·7
—		
Cotton (Raw)	29·6	·8
Jute (Raw)	·0	4·3
—		
Other Articles	150·8	16·0
Total	321·2	95·5

It will be seen that without exception the articles in the above list belong either to the category of raw materials or to that of food. Any taxation therefore imposed upon any portion of these articles for the benefit of the Colonial producer would be a disadvantage to the British manufacturer, either by increasing the cost of his raw material or by diminishing the effective wages of his workpeople. Remembering that the main object of the British manufacturer is to keep his hold on the markets of the world, is it likely that he would ever consent to allow himself to be handicapped by such taxation? For all you can offer him in return is preferential treatment in Colonial markets, whereas more than three-quarters of the trade he wishes to retain is with foreign countries.

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There is, however, an even more fundamental difficulty, which neither Colonial nor British preferentialists have yet had the courage to face. It is this:—That the Colonist and the Britisher are aiming at different ends. The Britisher wishes to expand in ever-increasing proportions his manufacturing business, and it is solely because he thinks that he may possibly get a better market for his manufactures in the Colonies than in foreign countries that he gives even momentary approval to the idea of preferential trade. But no Colonist looks forward to his country remaining for ever the dumping ground for British manufactures. He wishes, and wisely wishes, to manufacture for himself, and he has deliberately arranged his tariffs with that end. Towards realising this ambition it will advance him nothing to shut out the puny Teutonic infant and let in the British giant. In like manner, if we turn from manufactures to agriculture we find the same essential divergence of view. The Colonial producer regards England as the best market for his meat and corn and butter. But the British farmer wants none of it. If he is to be ruined by competition from abroad he would as lief that the last nail were driven into his coffin by Argentine beef as by New Zealand mutton.

A DREAM OR A NIGHTMARE?

These objections go to the root of the matter, and show how futile it is to hope that the Mother Country and the Colonies will ever agree on any scheme of preferential trade. But need we, therefore, sit down sorrowing? Does the dream of inter-Imperial trade, if we come to examine it closely, really hold all the beauties that its shadowy shape suggests? Take it either way. Take the scheme either as an end in itself, or as a means to an end. As for the first hypothesis, if trade is itself an end, it matters to us nothing whether we trade with foreigners or fellow subjects; all we have to think of is the profitableness, immediate or prospective, of the trade itself. And from this point of view a growing trade with Germany is worth a good deal more than a declining trade with Australasia. But most advocates of inter-Imperial trade would not admit that their dream is an end in itself. They adopt the second of the two hypotheses just mentioned, and look upon the expansion of inter-Imperial trade as the most convenient means of drawing the Colonies closer to the Mother Country, and to one another.

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DOES TRADE UNITE?

With that end no one will quarrel; but how will preferential trade promote it? The preferentialists assume that mutual trade must of necessity promote the closer union of different parts of the Empire. Neither in individual life nor in national life can any fact be found to support that assumption. A man does not necessarily make a bosom friend of his baker and his butcher; he may even be at daggers drawn with his tailor. As for nations it might almost be said that there is the least love exchanged between those who exchange most goods. We are splendid customers to France; we buy French goods with open hands and ask for more, yet where is the love of France for England? Never for a moment do the French cease to gird at us and to try and thwart our national projects solely because we are doing in Egypt what they have done in Tunis and are on the way to do in Madagascar. Germany, on the other hand, is one of our best customers; yet at the beginning of this year, when there seemed to be a chance of war with Germany, a feeling of elation ran through the whole of England. One more illustration: when in December, 1895, President Cleveland's Message aroused all decent folk on both sides the Atlantic to protest that war between the United Kingdom and the United States was impossible, was it of trade interests that all men thought, or of the tie of common blood? Or, again, did Canada pause to calculate that her best customer was her Southern neighbour, or did she for a moment weigh that fact against the loyalty she owed to the Mother Country?

A NEXUS STRONGER THAN CASH.

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The simple truth is that trade has no feelings. We all of us buy and sell to the best advantage we can, and on the whole we do wisely. It is a shrewd saying that warns men to beware of business transactions with their own kinsfolk; nor do we need a prophet to tell us that an attempt to fetter Colonial trade for our own benefit may lose us more affection than it wins us custom. After all, why worry? Our world-embracing commerce is to-day as prosperous as ever it has been. The loyalty of our Colonists no one questions. Let well alone. Our industrial success has not hitherto been dependent on favouring tariffs, nor is there the slightest evidence that old age has yet laid his hand upon our powers. As for the closer union between our Colonists and ourselves, it will hardly be promoted by asking them to sacrifice their commercial freedom to increase the profits of our manufacturers, nor by taxing our food to please their farmers. It is indeed a sign of little faith to even look for a new bond of empire in an arrangement of tariffs. The tie that binds our Colonists to us will not be found in any ledger account, nor is ink the fluid in which that greater Act of Union is writ.

CHAPTER VII.

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CONCLUSION.

IN the foregoing pages I have been obliged more than once to accuse Mr. Williams of misrepresenting facts in order to bolster up his argument. That accusation I cannot withdraw. It

has been deliberately made because the facts compelled it. Doubtless in the ordinary affairs of life Mr. Williams is not less honourable than other men, but in his zeal to establish a case, which cannot be established, he has blinded himself to the main facts of the matter with which he was dealing, and has often so quoted facts and figures as to convey an impression the reverse of the truth. Even from his own point of view this was a pity, for it throws discredit upon the whole of his work, whereas several of his statements are quite true. It is, for example, true that Germany has made great progress in the chemical and in the iron trades. It is also true that her commerce is gaining a foothold in Eastern markets once almost exclusively our own. These, and several other perfectly true statements, are to be found in Mr. Williams's pages, and might have been edifying to exalted persons who can only discover a distorted image of the truth ten years after the main facts have been clearly seen by those common folk who are primarily concerned with them. To such individuals Mr. Williams, without his picturesque exaggerations and strange twistings of the truth, might have been really useful. As it is, he has only helped to lead them astray. Indeed, it is much to be feared that these hasty students of a big subject have by the perusal of Mr. Williams's neatly-turned sentences and epigrammatic phrases acquired an impression which no drab-coloured statement of simple fact will ever be able to dislodge.

NOT ONLY A PROTECTIONIST PAMPHLET.

One ground of complaint Mr. Williams may possibly feel that he has against me—that I have so far treated his book as if it were only a Protectionist pamphlet. My excuse is that the spirit of the Protectionist breathes in almost every page he has written. Nowhere does he show the slightest grasp of the central fact that all commerce must be mutual, that exports cannot exist unless there are imports to pay for them; everywhere he speaks as if each useful commodity sent us from abroad were a net loss to the British nation, and as if the people who sent it were "robbing" us of our wealth. Nor is that all. I take his chapter dealing with the reasons "why Germany beats us," and I find that after examining some half dozen reasons in succession and dismissing them as unimportant, he comes to Protection and exclaims, "Here at last, we are on firm ground." Again, in his next chapter he specifies "Fair Trade" as the first of the "things that we must do to be saved." The second is the commercial federation of the Empire. I think, therefore, that I have had good reason for concentrating my argument on these two points.

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TECHNICAL EDUCATION AND THE METRIC SYSTEM.

There are, however, several minor suggestions in "Made in Germany," and I am glad to be able to express my full agreement with what Mr. Williams said about technical education, about metric weights and measures, and about the excessive conservatism of the English people. I agree with him that it is monstrous that English lads should nowadays have no chance of thoroughly learning any trade. The old system of apprenticeship is almost dead, and the modern device of technical education remains a pure farce, mainly owing to the political influence of trade unions. In the same way I agree that it is ridiculous that Great Britain should go on using a clumsy and exclusive system of weights and measures, when the rest of the world is rapidly adopting the almost ideally perfect system invented a hundred years ago by the French. This is a striking instance of the conservatism and self-conceit of the English race, of which Mr. Williams so justly complains. But in this particular case, as it happens, it is not the commercial classes who are to blame. For years Chambers of Commerce throughout the Kingdom have petitioned for the legalisation of the metric system, and yet last Session when a Bill to grant this prayer was at length introduced into the House of Commons by the Government the most audible comment from the assembled wisdom of the nation was a silly guffaw.

NO SIGNS OF DECAY.

Let me, however, not be misunderstood. I agree with Mr. Williams that these things are desirable, but not for the reason for which he desires them. By him they are put forward as devices to help to stave off the impending ruin of the country. For that purpose they are not needed, for there is not the slightest real evidence that ruin is impending. On the contrary, we are progressing rapidly in trade abroad and in prosperity at home. It is solely because I believe that we are capable of making even more rapid progress, and because I realise how great is the mass of misery still to be removed, that I support Mr. Williams's demand for technical education, for metric weights and measures, for the more careful study of foreign languages, and generally for a greater readiness to receive new ideas, and a greater promptitude to meet new wants.

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THE CRY OF "WOLF!"

One word more—Mr. Williams's book has been defended, by himself and by others, on the ground that it is a useful warning, that the nation requires to be stirred up, and so on. Has Mr. Williams forgotten the story of the little boy who cried "Wolf! Wolf!" when there was no wolf? It is one thing to warn the country of a problematic danger in the dim future; it is another to scream in the market-place that the danger is at our doors. Mr. Williams's book is one long scream—a literary scream, I admit, and therefore in some measure harmonious, but still a scream in the sense that there is no reason behind the noise that is made. The danger is not at our doors, our industrial glory is not departing from us, our trade is not being ruined by Germany. On the contrary, in spite of the remarkable progress of Germany in a few limited directions, the general figures show that we are fully maintaining our splendid lead, if indeed we are not actually bettering it. I cannot, therefore, admit this attempted justification of the character of Mr. Williams's book. To quote *Mr. Punch's* admirable picture, Mr. Williams, like his pupil Lord

Rosebery, has been trying to make our flesh creep. There is more harm than humour in such a pastime. That the motives of both these disturbers of our nerves were patriotic I do not for a moment doubt; but their conduct is neither patriotic nor wise. It does us no manner of good to be for ever cheapening ourselves in the eyes of the world. A great nation should have dignity enough to be silent about her own greatness, neither on the one hand perpetually boasting of her pre-eminent virtue, nor on the other fretfully asking how her credit stands with other countries. We are what we are—what our forefathers and our own brains and arms have made us. Let us be content to possess our souls in peace, and to get on with our work.

APPENDIX.

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MR. WILLIAMS'S REPLY.^[3]

To the Editor of the "Daily Graphic."

SIR,—The first reflection arising from a perusal of your correspondent's criticism of "Made in Germany" is that perhaps it is as well that he and I are English and not French journalists. Across the Channel disagreeable formalities sometimes ensue when one writer takes to dealing in such expressions as "artfully picked out," "trickery," "gross exaggeration and suppression," "misrepresentations," "exaggerations—to use the mildest possible term," "grossest exaggeration," "skilfully conveyed a false impression," "twisting the truth," and others of like offensiveness. As they are a direct impeachment of my honour as a man, apart from my ability as an economist, I am compelled to preface my defence with a protest. The adoption of this style is a pity, too, in that it was wholly unnecessary. My antagonist was not in the position of the proverbially abusive lawyer; he had a case to state; and, apart from personalities and some other faults to be mentioned later, I sincerely congratulate him on the ability with which he has stated that case. Of course no one will mistake my meaning. By admitting that my opponent has a case I am not confessing defeat; I am simply testifying to the general truth of the saying that there are two sides to every question, albeit one side is the right one.

- [3] This reply has been reprinted *verbatim* from the *Daily Graphic*. On the other hand, in preparing my own articles for republication I have made certain modifications with a view of meeting Mr. Williams's objections, where I thought they were worth that trouble. Many of the objections have therefore lost their point; but I thought it better to let Mr. Williams's reply stand as he wrote it.

THE "ADVOCATUS DIABOLUS."

It is possible to raise objections (and not necessarily foolish objections) to almost any thesis, and the thesis is not hurt thereby. The Vatican wisely employs an *advocatus diaboli*, whose paradoxical function is to establish the sanctity of a candidate for canonisation by alleging all of what is not saintly that he can rake up in the candidate's career. Your correspondent has acted as *advocatus diaboli* to "Made in Germany." He has said what there is to be said for the other side, and my book, I respectfully submit, is uninjured. Unfortunately in this case it is the case of the *advocatus diaboli* only with which most of his readers are acquainted—a circumstance calculated to obscure their judgment. To them I would say: Read my book; you can buy it for half-a-crown, or you can get it for nothing out of the Free Library. This is not a puff of my own wares; it is a necessity of the case. Until you have read the book you cannot form an opinion on the worth of the attack. The small space allotted to me for criticism of my critic is obviously quite insufficient to prove a case which was with difficulty compressed into 174 octavo pages; neither, apart from consideration of space, would you thank me for copying out matter already published elsewhere. You will therefore kindly bear in mind that the ensuing remarks are not a complete statement of my position, but only some supplementary criticisms prompted by the attack.

NOT A PROTECTIONIST PAMPHLET.

First, I join issue with respect to the motive and nature of my book. Your correspondent says that I lean to the conclusion that "the only way to prevent the commercial downfall of our country is to revise the Free Trade policy which we deliberately adopted fifty years ago," and, as his readers will remember, he proceeds on that assumption, and reiterates that statement throughout his articles. It is really unpardonable. Would any of those readers, who were not also readers of my book, imagine that the first chapter of that book contains a disclaimer of holding a brief in favour of any particular doctrine or remedy, Fair Trade being specially named; that not more than seven of my 174 pages are concerned with Protection; that I strenuously and at considerable length advocate other reforms, and often point to other matters as being the determining causes of the decline in a particular trade? Your correspondent knew all this perfectly well, and yet, in order to damage my book with a Free Trade public, deliberately conveyed to them the impression that "Made in Germany" was merely a Protectionist pamphlet. He omitted all reference to technical education, the superiority of German business methods, and the other reforms whose advocacy formed the bulk of the book. And this is the man who sprinkles around charges of "misrepresentation," and of having "skilfully conveyed a false impression"! From a child I was never much impressed by outbreaks of virtuous indignation.

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He reviles me for my dates, and in his own diagrams proves the wisdom of my choice. The object of my book was to show that England's industrial supremacy was departing. Clearly the way to do this was to show the height to which that supremacy had attained, and to contrast it with the position to-day. Now, his first diagram shows that the highest point was reached at the commencement of the nineties. Of course, therefore, I made my comparisons beginning with that period, except where the decline had begun earlier. What is there wrong in this? Similarly I am derided as an "ingenious person" because, in order to show that our production of pig-iron was on the downward grade, I gave the figures for 1882, the highest year, and for 1894, the latest available year. If there were any truth in the charge of date-cooking I should have given to my readers the figures for 1892, which was the lowest year since 1882. It has suited the correspondent to misconceive the whole purport of my book. I was not writing an industrial history of Europe for use in schools. My work was to rouse the manufacturers of England to a sense of the danger threatening their dominion, and I went in detail through the various trades wherein this danger was apparent, showing how great they had been and what was their condition to-day. In different trades the decadence had begun at different periods; to take the same starting year of comparison in each case would, therefore, have been a stupid error. "Made in Germany" is a call to arms, not an academic disquisition on the movements of trade.

"ARTFUL AND INGENIOUS."

But what of your correspondent's method? With a large air of virtuous impartiality he adopts 1886 for his starting-point all through his tables. It may be my denseness, but beyond meaningless uniformity, I can see absolutely nothing in this method to commend it. I see, however, that it is very useful for optimistic purposes. Did it not strike the reader that, in most industries, 1886 was a year of bad trade, and that therefore its adoption as a starting year of comparison would result in a very inaccurate view of England's former industrial glory? If I felt inclined to adopt his language towards myself I might be tempted to say that his choice of years was "artful" and "ingenious," for to say, with blunt frankness, "I will take the last decade and stick to it all through," is an admirable way to score with the unsuspecting public. The pose of impartiality is excellent. Your correspondent's figures are doubtless as correct as they are interesting, but (in the light of the explanation I have given) I submit that those diagrams might as well have remained undrawn; they do not destroy the tables in "Made in Germany," and, so far as dates are concerned, are ineffectual as a commentary.

THE ABUSE OF STATISTICS.

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Your correspondent has a better case for his diagrams when he gives weights as a set-off against money figures, and I cannot, of course, take exception to the use of those statistics. But I do take exception to their abuse; and when he attempts to draw from them the inference that the British manufacturer has nothing to complain of in the matter of falling prices, I suggest that there is an abuse. Of course, in some industries the decrease in the price of raw material has made it possible to manufacture for a lower price, but your correspondent goes much farther than the facts warrant when he assumes that the difference in price is balanced by an all-round difference in raw material. He forgets, for example, that coal, which in most manufactures is an item of prime importance in the cost of production, is not cheaper than it used to be in his favourite year 1886. Then the average price was 8·45s. per ton, in 1894 it was 10·50s. per ton. Wages, too, are an even more important item, and these are on the upward grade. So also are rent, rates and taxes. Take his champion instance of the cotton trade. Men used to make fortunes at it. Whoever hears of fortunes being made to-day in cotton manufacture? What we do learn is that recently fifty-two out of ninety-three spinning companies were paying no dividend at all. Prices are cut because of foreign competition. The foreigners have to cut their prices too, but that does not make the fact of foreign competition any the less disagreeable. I still think, therefore, that I followed the right method in laying more stress on money than on weights and measures, and anyway no harm could be done by it, because I used money figures for comparison in both the English and the German tables. To read your correspondent one would imagine that I had confined myself to money figures when tabulating English trade, and to weights when giving the corresponding instances from Germany. Your correspondent was so preoccupied with my skilful conveyance of false impressions that he apparently overlooked the misleading nature of many of his own impressions.

EXCESS OF IMPORTS OVER EXPORTS.

This anxiety has also seemingly taken his attention away from consistency in his own statements. In the first article he rejoices over the fact that our imports exceed our exports, regarding that circumstance as a sign of prosperity; in his second article (when he has another sort of article in hand) he writes as follows:—"When two tradesmen have mutual transactions, that man will feel that he is doing best who sells more to his neighbour than he buys from him. And rightly so!" That note of exclamation is his. It also represented my feelings when I read the statement. I am also quite at one with him in the quoted remark, but (as in my poor way, I tried to be consistent) I am at issue when in his first article he chuckles over the excess of imports. Suppose that excess to be made up entirely of shipping, sale commissions, and interest on foreign investments, and that it does not imply that we are living on our capital; even then the thing does not work out quite happily. Shipping is all right, of course, but sale commissions less so; they spell enrichment, doubtless, to a certain class of City men, but the working and manufacturing

classes generally get nothing out of these foreign manufactures. Still less do they share in the third item. It does not help this country's industries to aid the establishment of rival industries abroad, which is what foreign investments mostly mean; while when the returns on those investments are used to purchase foreign goods it is again difficult to see exactly where the English industrial classes come in. With regard to the *entrepôt* trade, your correspondent says that it "seems somewhat to halt in the process" of slipping away; but as his own figures show that the sixty-seven millions of 1889 have dwindled in six years to the sixty millions of 1895, I don't think I need occupy further space by combating his assertion with figures of my own.

Yours faithfully,

ERNEST E. WILLIAMS.

(To be concluded.)

MR. WILLIAMS'S REPLY.—II.

To the Editor of the "Daily Graphic."

SIR,—In my first article I endeavoured to show that the charges of disingenuousness brought against me by your critic not only missed their aim, but possessed a boomerang quality. I will ask your attention to another instance. In his second article your correspondent, in order to damage my reputation for intellectual honesty, writes:—"Mr. Williams has artfully picked out half-a-dozen or so items of our imports from Germany, and then exclaims in horror at the amount of 'the moneys which *in one year* have come out of John Bull's pocket for the purchase of his German-made household goods.'" This, in vulgar language, is a staggereer.

Let me explain my artfulness. In a half-jocular section in my first chapter, I invited the reader just to look round his own house and make an inventory of the German goods it probably contains. I helped him with a list of the toys in the nursery, the piano in the drawing-room, the servant's presentation mug in the kitchen, the pencil on the study table, &c., and then tried to give point and solidity to my little excursion into the lighter style of writing by enumerating the yearly national bill which Germany presents to us for these household items. The correspondent (to use his own admirable verb) "twists" this into the implication above quoted, and writes as though these were the only figures I had adduced. Ingenuous, is it not?

THE ALKALI TRADE.

Now to another matter wherein the correspondent has superficially scored a point, but has done so largely by the process of quoting me in disconnected bits. I refer to his alkali trade section in the third article. He quotes two or three sentences of mine commenting on some startling English export figures I had just given. Then he misses out a couple of most important pages, and finishes the quotation with two sentences referring to the increase of German trade. This leaving-out of the pith of the matter, and the bringing into juxtaposition of two sets of unrelated semi-rhetorical remarks, gives to the quotation a forced and rather *non sequitur* air. The part that was left out is too long for me to reproduce, but it comprises a number of most pregnant instances of the havoc wrought in England's alkali trade, and of the great progress made in the German trade. The correspondent might, with advantage to the forwarding of public knowledge on the subject, have made some reference to these facts, even had it cramped the space at his disposal for inveighing against my "grossly inaccurate impressions." Here is a case which illustrates the necessity of my appeal to the reader to go direct to the incriminated book.

THE CHEMICAL MANURE TRADE.

Neither can I admire the correspondent's sudden and peculiar change of method in dealing with the chemical manure trade. Anyone acquainted with the trade in sulphate of ammonia knows how the Germans are capturing it, their estimated annual production amounting now to 100,000 tons. It is among the most startling instances of Germany's wonderful progress in her chemical trades. Even the correspondent loses heart, and is fain to confess the expansion here. But in order that he may at all hazards score a point, he introduces the argument that "probably the British farmer ... does not regard this competition of German with English manure manufacturers as altogether disadvantageous." This is all very well; but even a hard-pressed critic cannot serve two masters; he cannot set out to prove that the Germans are not beating us, and then, when he tumbles against an instance to the contrary which repulses all attempts to explain it away, turn round and say that it is a very good thing. It is possible to score points in a way which does not improve the scorer's position. Altogether, I venture to suggest to the correspondent that his general case would have been strengthened had he passed over the chemical trades in discreet silence.

SOAP IMPORTS FROM GERMANY.

Especially was he ill-advised when, for the purpose of bringing into greater prominence my addiction to false statement, he burst out into italics in the following sentence: "*So far as the Custom House returns show, not one single ounce of foreign soap is imported into the United Kingdom, either from Germany or from any other country.*" Because the German returns show an export of soap to England under three different headings. The correspondent should have provided himself with Green Books as well as Blue Books before he set out to demolish me. He

would then have learned—what he should have known anyway, considering the attention he has given to the subject—that the English Custom House returns do not show everything.

IMPORTS OF IRON.

This limited acquaintance with German statistics has caused the correspondent to go wrong on other occasions. For instance, in the fourth article he produces a table purporting to show our iron trade with Germany, in which the iron exports from Germany to England cut a very insignificant figure beside the English exports to Germany. To quote his own words in another place—"Most impressive! if only it were true." I had occasion the other day to get out a detailed list of the German exports to England of iron and steel manufactures in 1891; they reached a total of 109,956 tons. The correspondent gives 11,000 tons as the total of iron manufactures; the complete total of iron and steel manufactures, according to the source whence he obviously drew his information, was about 16,000 tons. The explanation is of course that the English returns do not always show the actual place of origin. (It doesn't matter much; competition in any other name hits just as hard, and Germany, after all, is but one rival out of many. I only used her as an instance of foreign competition generally.)

A "PETTY ACCUSATION."

This particular table is, therefore, hopelessly wrong, and is certainly valueless for any purpose of destructive criticism. It is on this page that the correspondent brings against me a petty accusation of which he should have been ashamed. He says that I have "skilfully conveyed a false impression" by giving certain German figures in hundredweights and English figures in tons. Surely he had the wit to see that I was merely transcribing figures without stopping to translate them; and it is difficult to imagine he could think I was so witless as to adopt a silly sleight-of-hand trick such as that of which he accuses me, a trick which would not deceive a child in the lowest standard of a Board school.

FANCIFUL FOREBODINGS?

Here I must bring to an end my short, detailed criticism of the *Daily Graphic* correspondent's attack, for I have already exceeded the space offered to me by the editor, though I have perforce left untouched a number of points on which I should have liked to enlarge my defence. I have not touched the two concluding articles in the series. The last is a statement (more lucidly and ably put than anything I remember ever to have read) of the Free Trade position in general and the case against a Customs Union in particular; but I have recently elsewhere stated my views on those subjects at length. Regarding the penultimate article, I should like to say a word in conclusion. That article attacks me by a side wind. It does not contest the facts contained in my book; on the contrary, it leads off with an airy dismissal of "Mr. Williams and his fanciful forebodings," and it shows, by much rhetorical writing and some interesting illustrations, that England is a land flowing with milk and honey and manufactures and money, and generally in a wonderful state of millennial prosperity. My answer is two-fold. In the first place I must congratulate the correspondent on the pleasant surroundings among which alone his days can have been passed; but I should like to take him through some awful wildernesses I know—deserts of "mean streets," where half-clothed, underfed children shiver for warmth and food at the knees of women gaunt and haggard with the suffering which hopeless poverty inflicts on them; and by way of explanation of these grisly phenomena I would take him to the dock gates in the early morning, where not unlikely he would see men literally fighting for entrance because there is not work enough to go round. If that does not point him out the cause with sufficient clearness I would suggest an examination of the employment returns of the trade unions. There, by-the-by, he would see the greatest want of employment to be in those trades where the pinch of foreign competition—"the harmless growth of the German infant," he phrases it—is most in evidence.

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A WARNING.

In the second place, I would point out to him that the initial object of my book was to warn the nation in the day of its prosperity—such as it is—that a grave danger was lurking in the way. The fact that the easy-going man of business is surrounded by so many signs of industrial prosperity, such as those which the correspondent details, only made it the more important that he should be aroused to a knowledge of the forces that were undermining the foundations.

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