

of equivocation has been the only answer the Government could give to the storm of protest against the injustice of the proposal, before which they would certainly have yielded had it not been for the super-patriotism of Mr. Asquith and his decision to buy "unanimity" at the cost of a Free Trade disaster and the further impoverishment of the poorest classes in India.

"A Great Act of Justice."

The Prime Minister said that "it was desirable that this great act of justice should be extended to India." But what was the injustice that has now been removed? It was the existence of an Excise duty, taxing Indian-made cotton at the same rate as the Customs duty taxed the imported article. To the Indian consumer, however, the injustice lay in the taxation under both duties of his clothing, and justice called loudly for the abolition of both kinds of burden—for the freedom to buy in a free market and to be relieved of taxation which ought rightly to fall on quite different shoulders. But to the Indian manufacturer, the "injustice" was his inability to rig the prices of his products under the protection of a privileged tariff. The Prime Minister spoke for the latter and he made magnificent use of that language which seeks always to confuse one class of the community with another and make their conflicting interests the same. For the "gift of India" of £100,000,000 is only a loan on the part of the wealthier classes in India, and the recognition of that gift, in so far as the cotton duties are compensation, is the permission granted to them to collect the loan, principal and interest, from the pockets of Indian labourers and Indian peasants. If this is an "act of justice" the English sense of right and wrong has much to account for. The Prime Minister, be it said for his sake, can unfortunately take refuge in something worse than the cant of those who use the collective "we" and the collective "they in India" to throw a cloud over all such discussions of national finance. The events of the month have exposed the immorality of the attitude adopted by some so-called Free Traders, that as long as there is an Excise duty to counterbalance a Customs duty, indirect taxation is perfectly fair and reasonable. Holding that view it is useless of anyone to taunt the Protectionists with their absurdities. The Government easily resisted the demand to keep Protection in India at bay with increased Excise duties, and their success in carrying their proposal is largely due to the effective way in which they turned against the false friends of Free Trade the weapons they will not discard.

Free Trade and a General Tariff.

That we have not unfairly represented the views of the "taxation for revenue" Free Traders is clear from the following extract from an article on "The Aftermath of the War" by the late Lord Cromer, published in the BRITISH DOMINIONS YEAR BOOK 1917:—

Speaking as one who is strongly convinced of the economic advantages of Free Trade, I have no hesitation in expressing my opinion that the war has entirely altered the points of view from which the fiscal question has to be approached. The main objection which Free Traders have always urged against the adoption of preferential treatment for Colonial produce has been that it necessarily involved the establishment of a general tariff. Such a tariff, or something very like it, will now have to be created for revenue purposes. It will be quite impossible to meet the whole of the heavy burdens thrown upon us in consequence of the war by a resort solely to direct taxation. Thus one great difficulty disappears.

The great difficulty that disappears is, in the estimation of those who are protected by land monopoly and who accumulate wealth without working, that a way has been found to garner the costs of government and the costs of war from wages and industry. Under a *regime* of taxation that will penalise and starve the community in the purchase and sale of all commodities, there can still be a semblance of Free Trade. The fiscal issue as between that kind of Free Trade and out-and-out Protection is disappearing into the background of politics. It has become the question of how to collect the interest on the public debt, and neither side is so much concerned about the economic effects of taxing commodities as it is about shifting any or all taxes on to the mass of the people, in order that there may be no check to the concentration of wealth in the hands of the few.

Public Debts and Indirect Taxation.

The relation between public debts and indirect taxation is now established in India as it is being established in this country and raises the gravest of issues. The subject has been lucidly explained in SOCIAL PROBLEMS and the following passage strikes a note that should be heard at this time. "Public debts are not devices for borrowing from the future, for compelling those yet to be to bear a share in expenses which a present generation may choose to incur. That is, of course, a physical impossibility. They are devices for obtaining control of wealth in the present by promising that a certain distribution of wealth in the future shall be made—devices by which owners of existing wealth are induced to give it up under promise, not merely that other people shall be taxed to pay them, but that other people's children shall be taxed for the benefit of their children or the children of their assigns. Those who get control of governments are thus enabled to obtain sums which they could not get by immediate taxation without arousing the indignation and resistance of those who could make the most effective resistance."

Relating what happened after the civil war in America, Henry George goes on to say: "The wealth expended in carrying on the war did not come from abroad or from the future, but from the existing wealth in the States under the national flag, and if, when we called on men to die for their country, we had not shrunk from taking, if necessary, nine hundred and ninety-nine thousand dollars from every millionaire, we need not have created any debt. But instead of that, what taxation we did impose was so levied as to fall on the poor more heavily than on the rich, and to incidentally establish monopolies by which the rich could profit at the expense of the poor. And then, when more wealth still was needed, instead of taking it from those who had it, we told the rich that if they would voluntarily let the nation use some of their wealth we would make it profitable to them by guaranteeing the use of the taxing power to pay them back, principal and interest. And we did make it profitable with a vengeance."

The Minimum Prices Guarantee.

The Prime Minister, explaining in the House of Commons, on 23rd February, the Government's Food and Shipping Proposals, said:—

There must be a guarantee, if the State is going to guarantee a minimum price, that it shall not inure to the advantage of any individual or of any class. There must not be any return to what happened during the Napoleonic Wars. There was an enormous increase