

development where the intellectual life and social advantages are superior, and especially noticeable is the liberality of thought and tolerance of all shades of opinion that is found there. It is our belief that a system which exemplifies fair dealing and guarantees to each his equal chance with all others in an opportunity to live will also promote a disposition of liberal and tolerant public opinion.



THE FUTURE OF FREE TRADE.

(Expressly for the Review).

BY THOMAS SCANLON.

Whatever may be the ultimate outcome of Mr. Chamberlain's fiscal proposals, the fact that they have been made and the reception they have met with, serves to throw a flood of light upon the existing international economic situation. It is admitted on all hands that the world we are living in at the beginning of the twentieth century is a very different one from the world that Cobden, fifty years ago, imagined it would be. Instead of seeing nations pursue their own best interests by the straight and simple path of free trade, thereby tending to a state of economic interdependence in which the world would wake up some fine morning to find itself inextricably and inevitably one solid nation, between the various parts of which, war was no longer possible, what is the spectacle to-day? We see a well marked tendency in the stronger states to become the nucleus of big empires, each one of which aims at being economically self-supporting, so far, at least, as articles of advanced manufacture are concerned. Freedom of trade within the political boundary of each nation and a tariff wall to keep out foreign goods—such is the idea which has dominated, in our generation, the commercial policy of the more powerful nations with the exceptions of Great Britain. Concurrently with the determination not to buy from any nation there has been an inconsistent desire to sell *every* nation, and when the demand for products has been starved out and the supply has accumulated, as is natural to expect under the circumstances, recourse has been had to the bullying method of opening up, by forcible means, exclusive markets in those parts of the world not hitherto appropriated by any civilized Power. Throughout all this process which has been carried on to such an extent that there now remains but little of the planet to be carved out. Great Britain has stood for freedom of trade, and in the main, continued to prosper. But it cannot be denied that other countries which have relied on opposite methods have prospered, or seemed to prosper, and that in certain important directions British trade has shown a falling off, where theirs has expanded. For several years it has been manifest from the tread of commercial events, that England's faith in the free trade doctrine would be put to a severe test.

It requires a firm faith to make a man stand by an economic doctrine the practical application of which brings ruin to his favorite industry. Of course a free trader should have no favorite industries. He should adopt a central, neutral standpoint and say, "I am here, not as the advocate of this trade or that; I am here to serve Demand in whatever shape she may require me; my duty is to watch her moods and anticipate her desires so far as I am able, the particular kind of service I have to perform is nothing to me, it is sufficient that she employs me and remunerates my services at the price I require."

But Demand, under present day conditions, is liable to be very fickle in her requirements, and when suddenly, without warning, she says to a veteran

cotton-spinner, "Cease your spinning; go and dig potatoes," or to an iron-worker, "There is no further need for you here; you must emigrate," we can fancy the latter murmuring something like these words: "Truly you are a hard taskmistress; you led me to believe, all along, that cotton-spinning (or iron-working) was the one thing I was fit for; in it I invested my time, my youth and manhood and my capital, and now, without previous notice, you tell me to betake myself to an occupation which it will be difficult for me to learn, if, indeed, in the meantime, you do not change your mind and order me to take up something else."

Coming down to plain facts, the above is an allegorical illustration of the argument used by Mr. Chamberlain in the House of Commons a few months ago. He referred pointedly to the methods of the American trusts, and the power which such colossal organizations had, if they saw fit to exercise it, of ruining a staple industry in a free-trade country by flooding such country with its products at a price which made competition impossible. What, he asked, would become of the capital that had been sunk in the plant of such superseded industries? It would all be lost, and the machinery would rust away in the scrap-heap. And there would be no security, after that was done, and all fear of effectual competition crushed, that the foreigner would not raise his prices to a higher level than before. Just as the trusts have, by their peculiar methods, wiped out their home competitors, so it is thought they could, if the door be left open, wipe out the British competitor, too. And if the methods employed by the trusts to attain their monopoly could scarcely be called "free trade" or "fair trade" methods, does it follow that to apply an effective antidote, if such a one can be found, would be an attack on free trade or a violation of its principles? Considerations such as those suggest the question whether a foreign competition stimulated and propped up by artificial means such as tariffs and bounties is a legitimate kind of competition, or one at whose bidding, British trade should be asked to annihilate itself. Granting that international free trade, based upon the natural aptitudes of nations for special industries, is the ideal condition towards which statesmen should strive, is it not stretching the words "natural aptitude" a bit too far to conclude that because Mr. Morgan or Mr. Schwab chooses to sell steel rails in England under cost price, England has no longer any natural aptitude for making rails? Our modern commercial methods have reached a phase where the commercial fate of wide areas may be determined by the irresponsible will of individual trust magnates whose trade manoeuvres may not be the *bona fide* transactions which they appear on the surface, but a series of crafty moves in a deep-laid ulterior game. It is therefore small wonder if, in an industry defeated by such policy there should be a disposition to suspect such competition and to appeal from the verdict of extinction which it pronounces, to the patriotic feelings of the people at large.

It was but natural that the abnormal development of the power of the American trusts and the extent to which they have overcome competition, should have set many earnest free traders thinking whether their dogma is, at all times and places, a practicable one. A nation or firm engaging in any industry has a right to expect reasonable permanence in its pursuit of that industry. Theoretical free trade assumes that the ebb and flow of capital and labor shall be gradual and easy; that these elements will not be displaced in one industry any sooner than they can be reabsorbed in another. This might always be expected to be the case where there was no artificial interference, in the shape of tariffs and bounties, with the course of international trade. But where in the case of two nations trading, there is much artificial interference on the one side and no artificial interference at all on the other, it may come about, owing to the whimsical and uncertain nature of such artificial interference, that the trade capital and labor of the free-trading nation will be displaced quickly to be re-

absorbed elsewhere, and hence must go to loss and ruin. This is the contingency which makes so many Britishers feel uneasy. That it is not altogether unlikely one may be inferred from the control already exercised by American capitalists over certain British industries.

Of course it may be that Mr. Chamberlain exaggerates the dangers to British trade which are involved in modern international competitive conditions. But the danger undoubtedly exists and has been gathering for years. At one time England was the only great manufacturing nation in the world. Now she is only one out of several; she has taught the art to others. She is the least self-sufficing of the lot. With Germany and the United States, foreign trade is only a valuable adjunct to internal trade; with England it is a vital necessity; manufactures are the breath of her nostrils, hence any impairment of her industrial proficiency must be a cause of alarm to her statesmen. A nation to be economically self-sufficient in the rainy day, must be large in extent, and England is the smallest of the great nations; she is the most densely populated country in the world except Belgium, and although she rules more than a fifth of the surface of the globe, she is, economically speaking, but "little England" still. While her political boundaries have grown at a prodigious pace, her economic boundaries have remained the same. Her colonies are practically foreign countries, making unstinted use of the right to "protect" their local manufactures as against the mother country. Contrast this position with that of Germany and the United States. Their political areas and their economic areas have grown together and are in fact identical. To make the British Empire commercially as well as politically one, to kindle up within the empire that stable demand for England's manufactures which she has so much difficulty in securing from the world at large—such is the dream which Mr. Chamberlain sets himself to realize.

Difficulties, of every description, geographical, commercial, political, beset the carrying out of such a Herculean scheme. England's Colonial trade is only one-fourth her foreign trade, and to merge the latter in the former is like digging a canal to change the course of the Mississippi. Of course, no one, unless perhaps Mr. Chamberlain himself, is so sanguine as to believe that it can be fully carried out. In the first place the Colonies are not prepared to take off their tariffs; only to reduce them. But the expectation is that if a serious move were made in the direction of preferential dealing within the Empire, it would be the means of inducing foreign nations to grant concessions to British trade which at present they have no motive to do. It is thought that if England were to put up her bars, other countries would take down theirs, for the required volume of international commerce must somehow be kept up, and the securities for the extension of freedom of trade would be greater under a system of national reciprocity than they are at present when one nation has to play the role of free-trader to the world at large, and the others contemptuously slap the door in her face. In a word it is suggested that the shortest road to universal free trade may be by way of reciprocal international concessions. It may be worth recalling that the commercial treaty negotiated by Cobden and Louis Napoleon, between England and France in 1860, and which had a far-reaching effect upon the tariffs of other European nations for long after, when the time came for its renewal in 1880, was rejected on the part of France, because England having already adopted free trade towards all the world, could offer France no exclusive terms. Such at least was the official language of the memorandum rejecting the offer, though there were deeper reasons. But at any rate, if the experience of the last fifty years has taught us anything it has taught us that the only kind of free trade that has made much progress has been the internal free trade of nations—not that universal barrier-jumping free trade which Cobden in the first flush of his anti-Corn Law Victory predicted. Free trade has followed in the

wake of political unity; wherever we see one nation spring up where there were two before, we see a great impetus given to trade as a result of removing the two barriers. But where the States remain distinct we see no general disposition to take down the barriers even though their maintenance involves considerable loss to the nations on both sides. The implied opinion seems to be that proficiency in advanced manufactures is the main test of a nation's greatness and especially of its strength in war, a consideration which practical statesmen cannot ignore, and that the economic loss, if any, which would be involved by maintaining that proficiency would be more than counter-balanced by the political and social security which it would confer on the people. If foreign nations, both by tariffs and bounties, bribe their manufacturers to undersell Great Britain, the intention being to destroy her manufacturing industry and compel her to "go way back and sit down" to the more primitive employments of her earlier days, the situation thus created is one that will bear looking on from other than the economic standpoint. Great Britain, while still at heart a free trading nation and desiring competition with the world on free and equal terms, yet recognizing the fact that the tide does not flow in that direction, is constrained to pause and ask herself whether as a matter of preserving her industrial characteristics and her international influence, she should not swim with the tide instead of against it, trusting to a gradual turn of the tide in the future to bring about that desirable economy of national effort which the present state of international feeling seems to forbid. The situation is, indeed, a momentous one. To predict the outcome would be foolhardy in view of the falsification of the free trade prophecies of half a century ago. It is sufficient to reflect that if the principle of free trade is a true one, as we believe it to be, it will take care of itself and find its compensations and vindications in the experience of the world at large.



FREE TRADE IN MONEY.

(Expressly for the Review.)

BY WHIDDEN GRAHAM.

That the "money question," as an issue of national importance, will not down at the bidding of any set of politicians, is every day becoming more evident. That question arises from conditions urgently requiring a remedy, and until these conditions have been changed there can be no permanent side-tracking of the issues growing out of them.

The reason why there is a money question in politics is primarily one of monopoly. Our currency and banking laws confine the issuing of currency to the Government of the United States and to National banks whose notes are secured by deposits of United States bonds. On all currency issued for circulation by private individuals or State banks, there is imposed a tax of ten per cent., which is, of course, prohibitive, no banks or individuals being able to pay this tax.

The result of this prohibition of what may be termed "private currency," as distinguished from notes issued directly or indirectly by the Government, is to make our currency system rigid instead of elastic, and to arbitrarily limit the supply of credit currency. Consequently we find the most orthodox of the gold-standard advocates, who a few years ago were vigorously asserting that there was plenty money in the country, and that the free coinage of silver was therefore unnecessary, now demanding legislation by Congress which will provide for a more elastic currency system. And there is no longer any talk, even