to "long" spinning they have literally succeeded in making "a silk purse out of a sow's ear." It is always so. Enterprise and advancing ideas put into a trade carry it over many an obstacle, and even defy tariffs. Waiting and longing for the artificial conditions of Protection is a pure waste of time.

There is no real reason why even the thrown silk trade might not be largely extended under the present conditions. The home market is free to us, untrammelled by tariffs, and at our doors. It is a large market, and a profitable one, as is proved by the eagerness of the foreigners to possess it. The trade, therefore, will do wisely to hold to a fiscal system of freedom, and base its success on sound economic lines, and not on the shaky foundation of Protection.

At the same time it must be admitted that it is very aggravating for the silk manufacturers, and for all producers, that while we freely open our ports to the whole world, other nations strive by heavy tariffs to exclude our commerce from their shores. Even when, in face of these obstacles, a trade begins to grow up, they immediately make some new modifications of their tariff with a view to strangle it.

All the time they are eager to increase their own export trade, even to the extent of menacing us for even thinking of following their restrictive example, and are feverishly anxious to promote the policy of "the open door" in every country but their own.

The gross selfishness and injustice of such treat-
ment, to say nothing of the insolence sometimes attending it, naturally stirs resentment, and it is no wonder that men so abused should think of some form of retaliation.

Arguments based on the imports of silk must take into account the change of route occasioned by the opening of the Suez Canal.

Prior to that event the bulk of the Oriental silk for European consumption came round by the Cape of Good Hope, and London became the convenient entrepôt, from whence the silk was afterwards exported to the European countries engaged in that industry.

Since the opening of the Suez Canal silk intended for Central Europe naturally enters by the ports of Trieste, Genoa, and Marseilles. The loss of this entrepôt trade is no doubt to be regretted, but it was inevitable. It was not caused by the Cobden Treaty, nor could any tariff alter it.

This natural change of route must not be overlooked, else statistics of import become quite misleading.

**THE RISKS OF A TARIFF WAR.**

Care must, however, be taken that resentment does not obscure our vision of the consequences of any tampering with economic law. Those who think that prosperity can be created by any jugglery of tariffs venture upon risky ground.

If we viewed international commerce as a war, it
THE SILK TRADE

would no doubt be quite legitimate to use such a weapon as retaliation to bring our opponents to a more reasonable frame of mind. We will all be quite ready to consider any proposal of this kind when it is made, and when we can see what it involves. It is at best a blind game, in which there is the greatest danger that you may hit the wrong man.

In the meantime, until something practicable is proposed, we may bear in mind that international commerce, rightly understood, is not a war. The true idea is that it is a mutual benefit. It is a conflict in which both sides can win, and must win. It is, like mercy, "twice bless'd—it blesseth him that gives and him that takes." The loss comes in, not in exchange, but in its being artificially hindered and restricted.

We should not allow foreign nations to suppose that they are conferring any special favour on us by purchasing our goods. Nations as nations do not trade. It is the merchants who do so, and unless they see a chance of profit to both parties they will not operate. All international transactions are profitable to both parties, else they would never take place.

Much unnecessary alarm is entertained about amount of exports and imports. A large export simply means that at that time the owners of these goods on the one hand, and the would-be owners on the other hand, find their mutual profit in making the exchange. A small import equally means that
the prices do not allow of a deal at that time. There is no loss to lament about, and the so-called "balance of trade" is mainly of interest to bankers, to enable them to arrange the rate of exchange. Every sale and purchase is "balanced" by the payment of it.

The best attitude is that of ordinary commerce. If foreign nations refuse to let their people buy from us, they are at liberty to do so. It will be their own loss. No merchant ever thinks that retaliation is the way to bring back a customer who chooses in the exercise of his undoubted right to buy his goods elsewhere. Let him alone. When he finds he can get a good bargain here, he will come back of his own accord.

These heavy tariffs, whatever they mean, most certainly prove that not one of these countries can compete with us in the open market. They are afraid of us. They plainly believe that our powers of production are superior to theirs. Their tariffs proclaim this fact to the whole world.

Our true policy is to hold for a free market and to improve our methods. Let our success, whether great or small, be founded on natural law, and it will be enduring.
THE DEVELOPMENT OF BRITISH BANKING

By a Practical Banker

The fundamental features of the development of British Banking and of the London Money Market during the last half-century are—

1. The increase of branch banks in London and in the country generally.

2. The opening in London of branches of foreign and colonial banks and the employment in London of foreign money.

3. The development of the bill-broker.

The first point for consideration, namely, the growth of branch banks, presents some interesting features. The development of banking in London, the suburbs, and the country has not taken the form of the creation of altogether new banks, specially adapted to the needs of each particular locality, but has been brought about by the opening up of new branches by the existing banks. Indeed, the absence of any successful attempt for
several years to establish new banks, either private or joint stock, is so marked that one is forced to the conclusion that the ordinary depositor will only entrust his capital to institutions which have shown, by some years of prosperous existence, that confidence may be reposed in them. As to private banks, the remark of the late Mr. Bagehot is probably true, that "men of first-rate wealth will not found one, and men not of absolutely first-rate wealth cannot." "A large bank," he adds, "always tends to become larger, and a small bank to become smaller." On the other hand, the joint-stock banks, taking advantage of the facilities offered for the obtaining of new capital by the system of limited liability, have extended their operations on every side. Indeed, so completely have the existing institutions responded to the calls for branches that England as a whole may be said to be well-nigh over-banked, while in the suburbs of London the branches of two or three well-known banks compete for the account of the solvent trader.

The Private Banker.

Side by side with this extension of branch banking of the joint-stock banks may be noted the steady disappearance of the private banker. Old familiar names which for years, and, in some cases, for more than a century, had been household words in their respective localities, have passed away for ever. The causes for this change are
various. In some instances the old private bank, strong in its local associations and traditional history, had really been mismanaged. Under no obligation to publish accounts, it had made advances which it could not call in; in other words, its resources were hopelessly "locked up." In such cases it gladly sought absorption into a neighbouring joint-stock institution, which would, of course, insist on prompt repayment of all loans which were good and leave the "bad" ones at the risk of the old firm. The private banker sold himself because he was "weak" and knew it. In other instances the very reverse was the case. The old bank, with assets sufficiently liquid, in full touch with all local industries, respected and trusted everywhere, was a tempting morsel for the joint-stock institution to acquire. The directors of the latter, whose shares are quoted, probably, on the London Stock Exchange, assert, and that truthfully, that through that quotation they can give a marketable value to their capital which the capital of no private bank can hope to possess. They offer tempting terms to the private banker. He rises to the bait. He has worked hard and brought his bank to a high state of excellence, but can he be sure that his sons will exhibit the same sagacity and earnestness which he has displayed? He doubts it, and so sells his business for several years' purchase of the net profit, solacing himself and reassuring his customers by accepting for a time
a seat on the board of the purchasing bank. In this case the private banker sells himself because he is strong and solvent and gets a good price.

It is obviously too early at present to discuss the consequences which may result from this supersession of private bankers by branches of joint-stock institutions. Whether the latter, working, as they necessarily must, under rigid rules enjoined by the board at the head office, and not necessarily adapted to the needs of any particular district, can understand local requirements and provide for special needs as well as did the old private banker, who, at his best, watched every local industry and felt the pulse and knew the condition of every borrower, remains to be seen. The opinion of Lord Overstone, in his evidence before the Bank Charter Committee of 1840, that "joint-stock banks are deficient in everything requisite for the conduct of banking business except extended responsibility," has not been supported by experience, while the author of it did not hesitate to sell his own bank to a joint-stock institution. But for our present purpose it is sufficient to point out that this steady development of branch banking by all banks is an indication of, and indeed the outcome of, the abounding wealth of the country, which demanded greater banking facilities, and those facilities near at hand.
GROWTH OF DEPOSITS.

For what all banks seek by opening branches everywhere is to extend their resources. True, wherever they go they have to lend, if the security be good, but it is not the desire to lend which makes them cover the country with branches. They want deposits. Consider, now, what a bank deposit is. In every country, however poor, but especially in an old and wealthy country, everybody, whether landowner, manufacturer, merchant, or tradesman, keeps a certain part of his capital—called by the old economists his "stock"—in a fluid state, ready for immediate necessities. In a country where "credit" is sparse and locomotion difficult this free capital will be held in coined money or bank notes if they are available and carefully hoarded. In a country where credit is fully developed and access from hamlet or village to the neighbouring town ready and safe the free capital will form a deposit in the local bank. These deposits, gathered from a thousand sources, from a vast network of branches, agencies, and sub-agencies of banks covering the United Kingdom, are a most impressive example of the utilisation of capital—that is, of wealth applied to reproductive purposes. Such accumulations are only possible in a country where wealth is widely diffused and where social order and mutual confidence are widely diffused too. With every extension of
population new branch banks are established, fresh accounts are opened, more deposits are received, and another addition made to the available capital of the nation.

It is probable that the savings of the working classes do not, to their full extent, come within the purview of banking machinery. In crowded centres of population, either by means of penny banks or kindred institutions, the artisan may have an individual account, but his savings, so far as they are lodged with the Post Office or Trustee Savings Banks or with Benefit and Provident Societies or Clubs, do not swell the banker's balances. They pass into the hands of the National Debt Commissioners, and the working balance of the fund itself forms part of the public deposits at the Bank of England, and as a factor in the bank's resources is an important adjunct to the Fund for Loanable Capital.

The relation of a banker's deposit to the capital of the country is at once seen if it be remembered that in the vast majority of instances a deposit represents a margin of income beyond expenditure, of assets beyond liabilities, of property realised beyond debt actually due.

It is only of late years that the amount of these deposits has been accurately ascertained. When the bulk of banks were private firms and published no accounts the desired information could only be dimly estimated. The Returns of the *Economist*, published last May, show—
Now, in 1875 the Select Committee on Banks of Issue estimated the deposits at £350,000,000, so that we arrive at an increase in 27 years of 145 per cent. It should be added that this total of £859,000,000 takes no notice of the deposits in the hands of colonial and foreign banks having agencies in London, though, of course, some proportion of their resources is at times employed on the London market.

As to the machinery through which these deposits have been gathered, the last issue of the Banking Almanac shows that at the present time there are in the United Kingdom 6,592 bank offices, excluding 80 of foreign banks. In 1858 there were only 2,008, an increase in 45 years of 228 per cent. Moreover, between 1877 and 1891, 1,108 offices were opened in places where none had previously existed. During the same period the paid-up capital and reserves of the banks have grown by £50,000,000.

THE USE OF CHEQUES.

These innumerable bank accounts are operated upon by cheque. In other words, the depositor wishing to discharge a debt orders his banker,
in writing, to pay the creditor the specified sum. This order, called a cheque, is a negotiable instrument, and passing from hand to hand, may liquidate many debts. But of course it passes only on the credit of the drawer, and with the consent of the creditor. No one is compelled to take a cheque. Yet in this country, so well established is credit that the cheque is steadily supplanting other and older modes of defraying debts. Just as, from the time when banking became an admitted factor in the commercial life of the country, the bank note tended to supersede the use of coined money; just as the Bank of England note, endowed with the unique characteristic of "legal tender," ousted the ordinary bank note which had behind it only the credit of the issuer—a quality the worth of which could not be readily ascertained when banks did not publish balance-sheets—so now the cheque is, for home transactions, gradually taking the place of the Bank of England note.

A few figures will serve to substantiate this assertion. The average amount of notes in circulation at any one time in the United Kingdom, including not only Bank of England notes but the notes of Scotch and Irish banks and of the few remaining English country notes which still retain the right of issue, varies from 44 to 46 millions sterling. As long ago as 1856 the circulation reached from 36 to 39 millions, so that in 46 years the increase has been about 8 millions. Turn now to cheques.
At the present time the amount paid yearly through the Bankers' Clearing House amounts roughly to ten thousand millions of pounds. But all cheques do not pass through the London Clearing. There are eight provincial clearing houses, which manipulate large numbers of cheques. Again, cheques drawn on the Bank of England, or settled between accounts of the same bank, or various branches of one bank, or the various banks of one town, or paid over the counter, must be allowed for, as well as all Scotch and Irish cheques. Exact figures cannot be obtained, but in the opinion of those best qualified to judge the amount of cheques paid outside the London Clearing is not less than the amount passed through the House. Thus the cheques paid in the United Kingdom reach twenty thousand millions of pounds a year. Expressing this stupendous total as a daily average, and purposely eliminating all special days, such as Stock Exchange Settlements, &c., we find that ordinary business transactions to the extent of £52,000,000 are settled daily in the United Kingdom. In 1868 the corresponding total was £19,000,000. In a word, in 46 years the bank note circulation has increased 22.3 per cent.; in 34 years the cheque circulation has increased 173.4 per cent.

Accustomed to this universality of the cheque, and to the wide diffusion of solvency which it indicates, an English banker learns with surprise that nowadays in Paris authorised representatives are despatched weekly from the Bank of France and
other great French banks to collect in notes and coin the debts due to their respective establishments, chiefly in the form of discounted bills. And at the moment that these pages are passing through the press an instance comes to hand showing that in Germany at least the cheque and the credit behind it have not secured the confidence accorded to them in England. On September 3rd the Bank of England suddenly raised the rate of discount from 3 to 4 per cent. Nothing in the home trade, or in the state of the foreign exchanges suggested this precaution. It turned out that in Germany it is the custom for interest on mortgages to be paid on October 1st in notes or coin. The Imperial Bank, for reasons unknown to us, declined to provide the gold, and the other German banks had therefore to resort to the Bank of England, leaving the directors of the latter institution no alternative but to raise their rate.

BILLS ON LONDON.

The cheque is of course an instrument mainly for home transactions. For these purposes it has not only reduced the circulation of bank notes, but has to a considerable extent superseded Inland Bills of Exchange. But for all the operations of international and foreign commerce or finance the bill of exchange is the chief expedient. In what we may call a primitive case of international trade, the foreign importer, wishing to discharge his debt to
his correspondent here, will remit to him a bill of exchange drawn on some trader in this country. That bill he obtains from a foreign exporter who, having sent goods here, draws upon the consignee for their value. Thus the exporter abroad is paid by the importer abroad, while the importer here liquidates the debt due to the home exporter.

Now, it is obvious that this transfer of debts cannot be carried out unless the “goodness” of the bill by which the transfer is accomplished is undoubted. In the case just quoted what the foreign buyer of the bill must be assured of is that the bill will be honoured when due, and that, moreover, there can be no mistake as to the currency in which payment will be made. The bill must represent undoubted credit and “good” money. But clearly the credit of an individual trader or importer, however good, cannot be so good as that of great banks and finance houses of world-wide reputation and admitted wealth. Hence international commerce tends more and more to be carried on by the intervention of these great houses. In other words, the importer will open for his correspondent a “credit” on a London finance house or bank, and under this credit the exporter will draw, thus getting a bill which he will be able to sell at the best possible price.

These bills on London constitute the chief agency by which international trade is carried on. Remember that a bill on London gives an indefeasible title
to the holder to obtain gold in London; and London is the chief market for gold in the world. A bill on Paris may, so far as the credit of the parties to it is concerned, be as well authenticated as a bill on London, but if the holder wants by means of it to obtain gold in Paris for export abroad, he finds that he will have to pay the Bank of France a premium for such gold. If, again, a merchant has a bill on Berlin, and wishes to convert it into gold for export, he finds himself confronted by difficulties. His proposal is not liked, and he is given to understand that his application, even if agreed to, must not be repeated. In London there are no such obstacles. The bill when paid passes to his credit. He draws bank notes, and each note is an irrefragable promise to pay so many ounces of gold of a given weight and fineness. In consequence every foreign banker holds bills on London as his favourite investment. They constitute, in fact, an international currency.

Returning to our accumulation of bank deposits, we note that this vast amount of capital collected throughout the length and breadth of the kingdom finds its way, after providing for local needs, into the hands of the London banks, and thus forms the great fund of loanable capital, the handling of which constitutes the business of the London Money Market.
THE BILL BROKER.

It must not be supposed that the operations of the Money Market are confined exclusively to the borrower who wants a loan or to the merchant who wants to discount a bill and the banker who is prepared to meet the want. Between the two, steps in the bill-broker. He is really a bill-merchant. It is his business to ascertain and have at his fingers' ends the standing and resources of every acceptor of a bill. He must be ready at a moment's notice to determine whether, out of hundreds of banks and commercial houses, this or that one is accepting more than is usual, and if so, whether there is special reason for the excess. Of good bills he cannot well have too many; of bad bills he willingly will have none. As a rule "inferior" paper will not be found in his hands, but the bulk of the bank and best trade bills repose in his portfolio; and through his agency all first-rate bills find their way to the London Market.

The bill-broker buys his bill from the merchant and resells it, or borrows on it from the banker. Thus the latter is aided by the interposition between himself and the acceptor of the credit of the broker, while the merchant, taking advantage of the competition of the brokers, is enabled to sell his bill at the finest rate.

It is not too much to say that the gradual
development of the bill-broker in the London Market during the last half century is a convincing proof of the success with which that market has adapted itself to the necessities of a world-wide commerce. The bill-broker is an exclusively British institution. Abroad, the merchant must discount with the banker or not at all, and so loses the advantage which the competition of the London bill-brokers secures to the holder of a good bill.

**CAPITAL “DUMPED” IN LONDON.**

It will be readily understood that the resources of the London Market are replenished from many sources. Attracted by its advantages, the Scotch banks some years ago opened branches in London, and so “dumped down” supplies of “cheap capital” which they accumulated in Scotland by means of their notes, of which they had a monopoly. The London bankers grumbled because *they* could not issue notes in Scotland, but their complaint evoked no ready sympathy, and the Scotch banks “worked their wicked will.” Later on German bankers, French bankers—the whole banking world in fact—opened branches in London so as to “dump down” their cheap capital on the much-enduring London Market.

And so this great market has grown, and grows! Based, broad and strong, upon national credit, it offers to the whole world its services. From all
DEVELOPMENT OF BRITISH BANKING

it expects adequate security; to all its message is, "You may 'sojourn' but not 'abide.'" For the trader it discounts his bill, or his "prompt," or interposes a better credit than his own for his imports from abroad; for the promoter of a new company or the issuer of a new loan it encashes the "call," and in a score of ways helps on the new enterprise, the last "adventure." It is emphatically a "good" market; that is, one in which any one who has the proper security to offer can, except in extreme cases, always deal. But owing to the immense variety of influences operating upon it, it is a "sensitive" market. Every change in international relations, in the supply and demand of commodities, in the growth or decline of credit, in the movements of labour and capital, &c., will affect it. Like water in a closed tank, if a pailful is taken out and another is not put in the level of the whole is altered and the relations of the constituent drops affected. Thus the market value of loanable capital varies from day to day, and at times from hour to hour. In the ultimate resort the value of that capital, and indeed the stability of the market itself, depends upon what is in reality the pivot of the whole banking and financial system of the United Kingdom, viz., the adequacy of the reserve of gold of the Bank of England. It is impossible to do more than to refer to the subject in this paper, but we may be allowed to remark that in our judgment
the question whether that reserve is adequate to sustain the enormous superstructure of credit which has been erected on it, and which is daily increasing, is one of vital importance.

It is a point worthy of notice that the London Money Market is not localised in any one spot. Ask for the Corn Market, or the Wool Market, or the Insurance Market, or the Produce Market, or the Stock Market, and you can be at once directed to a particular building where the actual operations of purchase and sale are carried on, and where the brokers and others interested congregate daily. There is no reason in the nature of things why, similarly, there should not be a special building where the representatives of all the great banks and discount houses should meet, and where the intending borrower should ascertain the day's quotation for the capital he wishes to borrow. But this is not the case. The actual *locus in quo* of the London Money Market is the counting houses of the great banks and discount houses, with a final resort to the august precincts of the Discount Office of the Bank of England.

**NO SIGNS OF DECAY.**

It is obvious that the daily manipulation of this fund of loanable capital brings the practical banker and bill-broker into contact with almost every development of commercial activity. It is a necessity of his position that he should be able
to forecast the probable effects of all great events, such as political or social changes as well as the smaller trade variations which occur within his particular district. He will quickly come to make allowance for the exaggeration with which nearly all men speak when their interests appear to be threatened. He will be keenly alive to the fact that in so complex a piece of machinery as modern international commerce a perfect equipoise between supply and demand can hardly be maintained for any length of time. The phenomena of "glut" in a particular market is at times inevitable; and there is no difference of principle between the "dumping down" on the Home Market, at less than cost price, of surplus pig iron manufactured abroad and the time-honoured action of the retail draper who, having misinterpreted the "demand" or lagged behind the fashion, marks his goods at an "appalling sacrifice."

In all such cases the complaint of the producer whose goods are for the moment undersold is sure to be heard; the fortunate purchaser of the cheap commodity pockets his profit and maintains a complacent silence. This and a score of other phenomena which disturb the manufacturer or producer are incidents inseparable from the conduct of business, and no other conclusion can be drawn from them than that he is the wisest trader who interprets demand most accurately. Again, our practical banker, accustomed to observe
the ebb and flow of trade and judge of each application for advances on its merits, will learn to distrust all general statements of impending national calamity. He is told, for instance, that for some time past the nation has been living on its capital. Knowing that the "nation" in its corporate capacity does not enter into commerce, but that, at any given time, certain merchants and manufacturers are buying and others selling, he naturally inquires for the particular persons whose balance-sheets have for years shown a steady excess of liabilities or waste of assets. He may find here and there instances of bad or unprofitable trading, but nothing to justify the assertion of general decay or continuous diminution of capital.

When, on the other hand, he turns to the indications of national progress as "embodied in the official returns, he finds that the returns of the Bankers' Clearing House, of the Savings Banks and Friendly Societies, of shipping, of pauperism, and above all of the yield of the income tax, furnish indubitable proofs of the steady growth of capital within the nation.

Again, our practical banker or broker will not be particularly disturbed about the alleged "ominous excess of imports." Accustomed to observe, in the special statistics which he can check, how difficult is their interpretation, how frequently the obvious is the untrue, he will probably apply a simpler test
to the solution of the problem. He knows that such a stupendous indebtedness, if it really existed, would turn against us the exchange of many centres. But the normal variations of the Exchange Market are orderly and periodic, the abnormal variations capable of immediate explanation. And so our practical banker sleeps in peace, confident that either the consignment of the merchant or the operations of the arbitrageur will liquidate any real debt, with but an occasional resort to the Bullion Office of the Bank of England. In this and in other instances where the operations of commerce pass beyond the counting-house to become the subject of letters to the editor or of magazine articles, he will be less apprehensive about the outcome of the particular operation referred to than about the use that may be made of it by those "who have their own axes to grind."

**Free from Official Interference.**

What, now, is the connection between the development of banking and finance in the country and Free Trade? It may be admitted that the relation between them may not, at first sight, be so intimately discerned as in the case of certain great industries whose growth is obviously associated with the remission of taxes which hampered production. But none the less if the genesis of the Fund of Loanable Capital be what we have indicated,
then every agency which has stimulated production, everything that has made production profitable, has resulted in the accumulation of capital, and the loanable capital which bankers and financiers wield is but a portion of the general accumulation which, as we have explained, is kept free and immediately available. It follows, no doubt, that an ideal commerce would be free from all fiscal restraints whatever. Every imposition of a duty, every Custom House or Excise regulation, every stamp on a bond or deed or cheque, however inevitable for purposes of revenue each impost may be, tends, as far as it goes, to impede business, and so to hamper the exchange of commodities and the profitable employment of capital. The truth of this principle is attested by the continuous policy of the British Government, which, while demanding a toll of ten shillings per cent. on all foreign bonds issued in this country, has never thought of imposing any tax on the transfer of its own debt. Indeed, the growing tendency of all authorities—national, municipal, or otherwise—to bear themselves the burden of fiscal imposts and issue their securities "free of stamp duties" is an unconscious tribute to the deep-seated desire for a market unaffected by Government intervention. The late Mr. Bagehot was proud of Great Britain because it was the only country where the "grocer was not afraid of the Exciseman": so our practical banker will be proud of his market in propor-
tion as the daily current of the capital which constitutes it is exempted from the "stamps" of Somerset House and the tax of the "tariff reformer."

On the other hand, he will not attribute our existing prosperity to Free Trade only. So far as that prosperity has affected his industry—so far as it has meant larger deposits and discounts, and more extended credit generally—he would not fail to recognize the share which other agencies have had in promoting it, notably social order and the maintenance of the gold standard. But nevertheless he will feel assured that the more rapid accumulation and wider diffusion of capital was coincident with the advent of Free Trade, and distinctly traceable to it. The repeal of the Navigation Laws, resulting in the gigantic growth of our shipping, and making us the carriers for three-fourths of the world's traffic; the policy of free imports giving us an unmistakable advantage as regards cheap and efficient productions in the universal competition; in other words, free ports and free markets—these are the factors by which the accumulation of capital has been mainly accomplished.

A GREAT CREDITOR NATION.

Surely, though slowly, we have become the great creditor nation. We have invested enormous sums in our Colonies and in foreign countries, and so receive
a yearly-increasing tribute in money or money's worth. In some instances, as, e.g., in Argentina, nearly the whole of the development of the country has been due to British capital; and our capital has been invested prudently only so far as it has been invested on the principle which is the essence of Free Trade, that of ascertaining what each country is best fitted to produce, and then aiding in its production or transportation.

Moreover, in our dealings, whether by way of investment or trade, we have hitherto escaped the tyranny of the sophism of retaliation. We have instinctively felt that the adoption of this policy would in the case of raw materials result in our purchases being made at a dearer rate and of an inferior quality; in the case of manufacturers it is highly improbable that goods which require protection in the home market would successfully compete with similar goods in a foreign market. What, then, the London Money Market chiefly desiderates is unfettered production and the steady accumulation and diffusion of capital which results therefrom. It wants abundance of bills, so long as each bill represents commodities or other real considerations. It realises that so long as the United Kingdom is a free market for all sellers the capital with which it deals will be profitably employed. But to the extent to which free imports are stopped the cost of production in this country will be enhanced and the power of the country to sell her
products in the face of hostile tariffs will be proportionately impaired. Again, to the extent to which we decline to admit the goods of foreign countries we weaken their productive power, and so render it more difficult for them to pay the interest due to us in respect of our enormous investments of capital abroad. It is obviously illogical and foolish to continue our lavish outlay of capital abroad and then impede by fiscal restrictions the influx of goods by which our interest is paid. The tendency of all such restraints will be in the ultimate resort to restrict the growth of the Loanable Capital Fund. But there are other and worse consequences than these.

**THE TYRANNY OF AMERICAN TRUSTS.**

One of the most dangerous elements in the industrial and financial position of the United States at the present time is the influence exerted by gigantic Trusts, which are practically monopolies of the most aggressive character. These Trusts are lowering the tone of American commercial life to an extent which we in England can hardly believe. If not the logical outcome of Protection, they certainly derive from it their chief profit. The aim of the "Boss" is to capture the tariff, to manipulate it for his own purposes. With this view he disciplines his retinue of voters, Congressmen, and Senators. But, further, it is essential that he should have a preponderating influence over his bankers,
so that at his bidding they shall carry his "underwriting" and manage his "syndicates." He cares not if the bank, in obeying his behests, finds itself hopelessly "locked up" with its reputation impaired. Dealing with this subject, a recent writer remarks: "In England the banker looks after the trader, in the States the trader finds it necessary to look after the banker."

Now, from these baneful influences the British banker has hitherto been free. In the handling of his resources he has been loyal to the best traditions of British banking. He has ever recognised that "he only is a banker who knows the difference between a mortgage and a bill of exchange." Hence the ready convertibility of his assets and the inconsiderable amount of his "bad debts." He realises that sound banking has been associated with Free Trade, and he deprecates the introduction of any system which readily lends itself to unscrupulous trading and unsafe banking.

But further. Hitherto the British manufacturer and merchant, though exposed to those vicissitudes and changes which are inevitable in a world-wide commerce, though worried often enough with the tariff of other countries, have been exempted from the additional trouble incidental to an elaborate home tariff. And this home tariff must mean commercial unrest and uncertainty. The introduction of preferential or protective tariffs in a country where duties have been imposed for revenue
purposes only will be like the letting out of water. Every trade in turn—and never were trades so organised as now—will clamour for its share of fiscal protection. Each claim will be criticised by eager competitors. Home interests will conflict with colonial interests. The interests of one colony will not be identical with those of another. Revision will succeed revision, each one leaving its own trace of jealousy and heartburning both at home and abroad. Hitherto the foreigner, chagrined at our constant acquisition of new countries, has been silenced by the consideration that throughout these areas he was as free to trade as we ourselves. But with the disappearance of the "open door" there will be nothing to mitigate his jealousy. Moreover the phenomenon observable in all protectionist countries will be repeated here—that all tariffs tend to increase. And why should they not? Why should a manufacturer trouble about new inventions and more efficient plant when his relative disadvantage can be compensated for by levying increased duties on his competing foreign rival. If Free Trade necessarily means alertness, capacity, and enterprise, it follows that Protection means the reverse.

Now, the arena of all these fiscal aspirations and conflicts must be the floor of the House of Commons. In other words, commerce becomes indissolubly associated with politics—a union injurious to both. Each interest or each group of
interests will have its journals, its constituencies, and its members of Parliament pledged to advocate its cause, and the lobbying of Washington will be reproduced at St. Stephen's. A committee or conference of Colonial and home representatives, however selected, will have to consider each fiscal proposal, and to recommend it or not for adoption into the Budget of the Chancellor of the Exchequer. Such a condition of affairs cannot but hamper business, disturb credit, embarrass enterprise, restrict the scope and undermine the supremacy of the London Money Market, and so tend to transfer its business to other centres.
SHIPPING LINERS

By Maurice Llewelyn Davies

(Of Messrs. Alfred Holt & Co.)

The immense and steady growth of our merchant navy is one of those phenomena which by their very familiarity cease to be remarked and to make their due impression. It has come to be regarded as a matter of course that our tonnage should be vastly increased year by year and that fresh regular lines of communication should be constantly established. Prosperity in a trade, like health in the human system, does not draw attention to itself; those engaged in it have no motive for making it known that they are doing well, and some motives to the contrary. On the other hand, the smallest unfavourable fluctuation leads to an outcry, and usually to a demand for some quack remedy.

That no real check has to be recorded up to the present time is sufficiently clear from the latest
statistics, issued by the Board of Trade in August, 1903. These show the total tonnage of our mercantile marine to be still steadily increasing, and the following table, of the tonnage of British and foreign merchant vessels (sailing and steam) which have entered and cleared in the foreign trade at ports in the United Kingdom, is typical of the scale upon which expansion has taken place:

<table>
<thead>
<tr>
<th>Year</th>
<th>British</th>
<th>Foreign</th>
<th>British Percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1840</td>
<td>6,490,485</td>
<td>2,949,182</td>
<td>68.8%</td>
</tr>
<tr>
<td>1850</td>
<td>9,442,544</td>
<td>5,062,520</td>
<td>65.1%</td>
</tr>
<tr>
<td>1860</td>
<td>13,914,923</td>
<td>10,774,369</td>
<td>56.4%</td>
</tr>
<tr>
<td>1870</td>
<td>25,072,180</td>
<td>11,508,002</td>
<td>68.4%</td>
</tr>
<tr>
<td>1880</td>
<td>41,348,984</td>
<td>17,387,079</td>
<td>70.4%</td>
</tr>
<tr>
<td>1890</td>
<td>53,973,112</td>
<td>20,310,757</td>
<td>72.7%</td>
</tr>
<tr>
<td>1900</td>
<td>62,710,836</td>
<td>35,812,857</td>
<td>63.7%</td>
</tr>
<tr>
<td>1902</td>
<td>64,902,907</td>
<td>34,969,812</td>
<td>65.0%</td>
</tr>
</tbody>
</table>

Nor is there any substantial foundation for the fear that foreign maritime enterprise is overtaking us. In this connection the following extract from the Report of the House of Commons Select Committee on Steamship Subsidies (1902) should be weighed:

"The Board of Trade belief is, stated with the utmost confidence, that British shipping maintains a flourishing position and creditably holds its own in most places as compared with foreign shipping, though it is unquestionably true that foreign tonnage increases in proportion more rapidly because it starts at a lower figure. It is easier to increase
from 1 to 2 than from 100 to 200. Between 1890 and 1902 the world’s gross tonnage increased from 13,000,000 to 26,000,000, but while in that period the British proportion of it has sunk from 63.4 to 52.8 per cent., British steam tonnage has in fact increased in amount from 8 4/5 millions to 13 1/2 millions. The German proportion has risen from 7.2 to 10.2 per cent., but the actual increase is only from 928,000 to 2,600,000 tons. Thus, although our proportion has sunk and the German proportion has risen, it will be noticed that in amount our steam tonnage has increased by 5,400,000 tons, while that of Germany has only increased by 1,700,000 tons; in other words, that for every ton which Germany has added, we have added rather more than three.”

**LINERS AND TRAMPS.**

It should be noted that the above figures, and such others as are available, relate to British shipping as a whole, or discriminate only between steamers and sailing ships or between ships of different sizes. The scheme of this book, however, provides for the treatment of shipping under two heads, in accordance with the rough and familiar distinction between “liners” and “tramps”; that is to say, vessels which sail with regularity more or less complete in a single trade and vessels which seek employment about the world wherever freights tempt them. The latter class is dealt with in a separate essay, while the former will be specially
referred to here. The distinction, however, though convenient, is by no means a scientific one. There are many vessels on the border-line; trades which have required only occasional "tramp" tonnage are constantly growing to the point of needing a regular service. No figures exist which discriminate between "tramps" and "liners," but it may probably be assumed that the general growth registered applies fairly equally to both sections.

Sailing ships, it may be observed in passing, might be divided into the same two classes, though the names are in practical usage confined to steamers; but the end of sailing ships, though not so rapid, is as certain as that of stage coaches, and though we may regret the disappearance of the fine sailing vessels of former times and admit their value as training schools for seamen, it would be a retrograde step to copy the French policy of attempting by bounties or otherwise to retard the process of their extinction.

Steamship "liners" vary considerably in size and type, from the gigantic passenger steamers, often carrying hardly any cargo, and naturally attracting a very disproportionate share of such attention as the general public gives to shipping, through boats which combine in different proportions accommodation for cargo and passengers, to purely cargo vessels which run with regularity in many trades. All are familiar with the great Atlantic, Eastern, and Australian lines; but a glance at the advertisement
columns of a shipping paper will show how many other trades throughout the world are served largely or exclusively by British "liner" tonnage. Two points should be noticed. First, that among the routes occupied by British lines are not a few, neither terminus of which is in the British Empire, an instance being the important trade between the United States and South America. Secondly, that a certain proportion of lines run under foreign flags are really British owned; the motive being usually the hope of securing some advantage or preference which a patriotic impulse leads foreign Governments or merchants to bestow upon vessels even nominally national.

Shipping and Free Trade.

That British shipping has grown enormously since the Free Trade era is undeniable, the only point that can be disputed being how far post hoc is also propter hoc. So far as regularly trading vessels, or "liners," are concerned, nothing even remotely comparable to the present state of affairs existed before the institution of the Free Trade system. There were fine sailing ships in regular employment, such as the famous passenger vessels from London to Bombay, Madras and Calcutta, and the China tea clippers; and there were a few steamers on the Atlantic. It is often forgotten that the United States then held the predominance in the Atlantic shipping trade. This was lost, no
doubt, principally through the change which led to the construction of vessels of iron or steel instead of wood, and through the troubles of the Civil War; but it may be remarked that the failure of the Americans up to the present time, during peace and since their steel industry was developed, even to attempt to recover their share of the Atlantic trade is to a large extent plainly traceable to their protective fiscal policy.

Similarly our prosperity is undoubtedly to a greater or less extent the result of our Free Trade system, but it is a question upon which no dogmatic statement can be made how far it is due to this and how far to other causes, such as the application of steam, the use of steel and iron, the opening of the Suez Canal and other physical improvements, and the general industrial advance. In this chapter it is proposed to indicate certain points in the Free Trade system which certainly have helped shipping enterprise; readers may judge for themselves whether at all events a large share in our great success may not be fairly attributed to the enlightened fiscal policy pursued during the last fifty or sixty years.

THE DANGERS OF RETALIATION.

The features in the Free Trade system which have proved beneficial to shipping may conveniently be stated under four heads.

1. First and most important is the effect which
the general policy of free imports has had in vastly swelling the volume of the country's oversea trade. The removal of protective duties has allowed the unrestricted inrush of foreign products, and these have been paid for by corresponding exports. The mercantile marine has thus doubly benefited. Goods brought to, or exported from, British ports have naturally tended to be carried in British vessels; the merchant navy being thus created, the enterprise of shipowners looks further afield and the phenomenon already noted follows, of the entire or partial capture of trades between places neither of which is in British territory.

That any tariff wall, or restriction of imports, must, so far as it is effective, injure our carrying trade by reducing the quantity of "inward" cargo available, is obvious. It may be well to point out that an export duty such as that now levied upon coal has the same effect. It tends to handicap British coal in its competition for foreign markets, and thus to reduce the quantity exported and the freights paid to shipping. This particular export duty also penalises steam shipping in another manner; for though coal taken at home ports as "bunkers" is exempted, the price of the British coal bought at foreign ports for steamers' consumption is undoubtedly raised by the amount of the duty.

The question whether a purely retaliatory or "Fair Trade" policy would be likely in any way to reduce the tariff barriers raised against us by
foreign countries is rather beyond the scope of this paper, but it should be pointed out that this country is in a singularly weak position for carrying on commercial warfare, not merely because our imports are chiefly food and raw materials—which we cannot tax without manifest danger—but still more because our shipping would evidently be the first object of attack. In this way, above all, an opponent might inflict a deadly and perhaps irreparable blow at a vital organ of our national life. All parties interested in shipping should be foremost in striving to maintain the most-favoured-nation system, so that our ships may be secured against differential dues in foreign ports.

**Cheap Shipbuilding.**

2. Secondly, it is quite impossible to overestimate the advantage which British shipowners have derived from the cheapness of vessels, due to the unrestricted importation, and consequent low price, of materials. Of these materials, iron and steel are the most important, but there are innumerable other products that go to the building of a ship, many of which would be described as "manufactured goods" rather than "raw materials"; and cheap food for workmen really comes under the same category. The result has been a vast extension of shipbuilding, to which active shipowning has been a natural concomitant.

The tonnage of ships (sailing and steam) built in
the United Kingdom (excluding the Royal Navy), has been as follows:—

<table>
<thead>
<tr>
<th>Four Years' Average</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1859-62</td>
<td>227,000</td>
</tr>
<tr>
<td>1869-72</td>
<td>412,000</td>
</tr>
<tr>
<td>1879-82</td>
<td>568,000</td>
</tr>
<tr>
<td>1889-92</td>
<td>815,000</td>
</tr>
<tr>
<td>1899-1902</td>
<td>954,000</td>
</tr>
</tbody>
</table>

How effectually our system results in the cheapening of vessels may be seen from the following facts. An English steamship company in 1899 invited tenders from four first-class British shipbuilding firms and one German firm of similar standing for a large cargo steamer, to be constructed according to a detailed specification which was supplied to all the builders alike. The German tender was £136,000; the British tenders varied between £123,000 and £111,000. Inquiries made with a similar object in the United States in 1901 showed that an order could not be placed there unless at about 50 per cent. above British prices.

3. Shipowners who remember the conditions under which business was carried on before the days of Free Trade speak with feeling of the enormous relief which attended the disappearance of the formalities and delays inevitable under a tariff. Those who have most business experience will be the least inclined to underrate the substantial advantages which accrue to trade in general and to shipping in particular from the simplification which
is the result of a short tariff list. The trouble, delay, and expense, when many classes of goods have to undergo the process of "bonding," constitute an impediment to trade of real seriousness. Nor must it be overlooked that a tariff on imports would at once lead to a demand for a system of drawbacks on exports in the manufacture of which these taxed imports are used.

The Curse of Red Tape.

We have already had some taste of these difficulties in connection with the Sugar Duty and the (now happily abolished) Corn Duty of 1902. The trade in sugar and corn has been swathed about in endless coils of red tape, and "drawbacks" have had to be claimed on the multifarious products into which sugar and cereals are made up. But it should be noticed in particular that any preferential or discriminating tariff would involve the resurrection of the system of "Certificates of Origin"—a system which used to lead, and would again lead, not merely to infinite inconveniences, disputes and delays, but to widespread evasion and fraud.

An experienced shipowner who remembers the state of affairs in the era before Free Trade gives (in a letter to the writer) the following vivid picture of its disadvantages: "On half the things exported drawbacks had to be claimed from the Custom House as a consequence of our then 'excise' laws, which is merely another name for the duty on
manufactured articles. The waste of time and money necessary to the system would now be thought incredible, leading often to bribery of officials as the lesser evil. No article on which drawback was wanted could be put on board the vessel until it had been weighed, measured, opened, tested, or in some way inspected and certified by a Custom House officer. The first question was, where to find him. A man whose presence and signature is necessary to a transaction does not usually trouble himself much about it, and if it happened (as it not unfrequently did happen) that two people wanted him to come to two vessels lying in docks a quarter of a mile apart, and the time was 10 minutes to 3 p.m. (when his duties ceased), a ‘refresher’ of some sort by one or other, if not by both, of the applicants for his presence and signature was helpful: the signature would satisfy one, and the presence the other, applicant. And when all was done at the docks there was still the needful work to be done in that horrid ‘Long Room’ at the Custom House, where the principal article dispensed by the swarm of officials was a limitless supply of insolence from Jacks-in-office. All Custom House work had to be squeezed in between 8 a.m. and 3 p.m. The whole cost of this dreadful system had to be paid for by some one. From all duties on manufactured articles, from Custom House Officials, from drawbacks, signatures, and stamped papers, good Lord, deliver us.”
4. The fourth benefit which the adoption of Free Trade principles has conferred upon the shipping industry is perhaps in the nature of a blessing in disguise. It consists in the discontinuance of well-meant governmental attempts to stimulate artificially the growth and prosperity of the trade. The Navigation Laws, which had for a long period attempted to restrict certain trades, principally the coasting and colonial, to British vessels, while at the same time compelling owners to carry a certain proportion of British subjects in each crew, were repealed in 1849 as a natural consequence of the Free Trade policy which was then being put into force. These laws were felt to be a part of the system of restriction and monopoly from which the national commerce was being freed with strikingly beneficial results; and in particular the restriction of colonial cargo to British ships constituted a real grievance against which the Colonies had long protested. Shipowners, though welcoming the removal of the troublesome rule as to the composition of crews, were somewhat alarmed at the withdrawal of their monopoly, and especially at the prospect of the admittance of foreign ships into the coasting trade; but the measure was rapidly justified by its results, and not more than a minute percentage of the coasting trade has ever fallen to foreign vessels.

SUBSIDIES AND BOUNTIES.

Another natural corollary of the Free Trade
policy is, or should be, the abolition of bounties and subsidies to shipping. How far this has really been carried out in this country, even since the Free Trade era, is somewhat doubtful. Payments for carrying mails and retaining fees for naval purposes are commonly described as subsidies; and undoubtedly, if strictly necessary and aimed at these purposes solely, they cannot be regarded as breaches of Free Trade principles. There is, however, a constant tendency for a protective element to slip in; the encouragement of trade is aimed at, or the maintenance of a great and imposing passenger line, an object which is easily veiled in some vague and high-sounding phrase.¹ Any sum paid beyond the strict competitive price at which the necessary postal or naval services can be obtained undoubtedly constitutes naked Protection. A very glaring recent instance is the huge financial subvention granted in 1903 to the Cunard Line, as a result of a foolish scare consequent upon the sale of certain steamers at high prices to an American

¹ "I do not think you can say that we pay only for postal services pure and simple. Q. For what other services is it paid? A. There is the advantage to the Government and the Empire of having an absolutely fixed and regular service; a service upon which the Government as a body, and the individuals composing the whole community, can rely for moving themselves and their goods and chattels at any fixed moment."—Evidence of Mr. Buxton Forman, Controller of the Packet Services in the General Post Office, before the House of Commons Select Committee on Steamship Subsidies, 1901.
syndicate. This is complicated, as usual, with naval considerations of dubious validity, but it is not denied that the sum paid must in large part be regarded as a trade subsidy, in other words a direct contribution by the taxpayers to the funds of a particular steamship company.

AN ENCOURAGEMENT TO INEFFICIENCY.

Legislation in the direction of the re-enactment of the Navigation Laws, though occasionally suggested, is not really desired by the great body of British shipowners, and the Select Committee of the House of Commons on Steamship Subsidies, in their Report (1902), truly stated that "Most shipowners, generally speaking, are opposed to subsidies." It is worth while briefly summarising the reasons for the opinion that a protective policy, aiming at helping the industry by either method, is really objectionable and impracticable. In the first place, it is instinctively felt by shipowners that Protection in whatever shape would be accompanied by onerous conditions; just as the Navigation Laws involved restrictions upon the nationality of the crews, so now attempts to exclude Asiatic seamen, or to enforce the carrying of apprentices, perhaps even to regulate rates of freight, would be probable features of protective legislation, and would certainly not be alien to its spirit. Again, business enterprise, as in other trades, would be weakened by the acceptance of assistance so obviously eleemosynary;
British shipowners have no need of a crutch to walk with. How little a liberal system of bounties tends to brace and strengthen an industry is conspicuous from the present state of shipping in France. Subsidies, as experience shows, tend to check the advance of mechanical improvement and experiment. It is moreover impossible to subsidise the whole of British shipping, and at the same time grossly unfair to select particular lines for help, especially wealthy passenger lines. Any such measure only tends to make independent com-

1 “The system began about 1840, and some of the subsidies granted put an end to independent lines just coming into existence. Subsidies had thrown back the use of the screw propeller ten or fifteen years. The Great Britain was built in 1840, and though she was not perfect, she afforded a very fair trial of the screw. After one or two more trials it would almost have attained its present perfection; but simultaneously the system of subsidies was started—and it was the natural desire of all the holders of subsidies to pursue the safe, and avoid experiments—and hence they clung to the paddle wheel, knowing exactly what it might be relied on to do, and that though an imperfect wasteful instrument, its performance was accurately calculable. Subsidised lines in those days of few steamers naturally formed public opinion, and the result was that between 1840 and 1855 any one who used a screw propeller in a vessel of importance was considered a hare-brained experimentalist, not to be trusted. Subsidies could also be shown to have delayed the use of iron vessels many years. People would not have the boldness to differ from the great steamboat owners, who themselves would try nothing new, and hence fleets worth millions sterling were built, their designers and many of their owners well knowing that the vessels were not of the best description.”—Mr. Alfred Holt, “Review of the Progress of Steam Shipping” (Proceedings of the Institution of Civil Engineers, vol. li, session 1877–78.)
petition in the branch of trade to which it is applied almost impossible, or at all events to handicap it severely. Finally, it must not be forgotten that subsidies and bounties, if given here, tend to provoke imitative or retaliatory measures abroad. It would not be difficult to show that this has actually been their result in the past, and if the United States Subsidy Bill, which had apparently been abandoned, is revived, its supporters will undoubtedly be able to use the Cunard subsidy as their strongest argument. It is earnestly to be hoped in the interests of the industry as well as of the nation that Great Britain, among the other forms of Protection, will unhesitatingly reject any policy, veiled or open, involving the endowment of the shipping trade at the expense of the community.
TRAMP SHIPPING

By Walter Runciman, Jun., M.P.

(Of Messrs. Walter Runciman & Co. of Newcastle* and London, Owners and Managers of the "Moor" Steamers)

The amazing growth of British shipping during the past forty or fifty years is due not entirely to physical conditions. Our Free Trade policy removed the obstacles to rapid growth, tended to develop efficiency, and has encouraged the most abundant exchange of commodities. Every word of that statement will be accepted by any one who knows and understands the recent history and conditions of our shipping trade. During the period from 1880 to 1901, when British tonnage went up over 3,000,000 tons, the tonnage of the merchant navy of the total German Empire grew by only 900,000 net tons, namely, from 1,181,525 in 1880, to 2,093,033 in 1901.

The following table shows the advance since 1850, and compares our figures with those for the oversea gross tonnage of the Protectionist United States of America.

127
<table>
<thead>
<tr>
<th>Year</th>
<th>Under Free Trade</th>
<th>Under Protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>1850</td>
<td>3,565,133</td>
<td>1,585,711</td>
</tr>
<tr>
<td>1860</td>
<td>4,658,687</td>
<td>2,546,237</td>
</tr>
<tr>
<td>1870</td>
<td>5,690,789</td>
<td>1,516,800</td>
</tr>
<tr>
<td>1880</td>
<td>6,574,513</td>
<td>1,532,810</td>
</tr>
<tr>
<td>1890</td>
<td>7,978,538</td>
<td>946,695</td>
</tr>
<tr>
<td>1900</td>
<td>9,304,108</td>
<td>—</td>
</tr>
<tr>
<td>1901</td>
<td>9,608,420</td>
<td>889,129</td>
</tr>
</tbody>
</table>

If you stand on the Rock of Gibraltar and count the steamers passing East and West, six out of ten will be British. Watch the traffic up and down the Bosphorus, and for every three foreign steamers you will see seven British. Look up the records of the Suez Canal, and you will find Great Britain accounts for more of the total Canal traffic than do Germany, France, Russia, and all the rest of the world put together. Lloyd’s Register states that of the oversea tonnage of all the world, sail and steam, the British flag is flown by nearly one half, and in steamers alone by over one half. The British gross steam tonnage last year amounted to over 13,650,000 tons; all the other countries of the world combined could muster only 12,200,000. This volume of tonnage is said to be no indication of the prosperity of the British merchant shipping, for foreign competition is more assiduous than ever, and from the point of view of individual profits, home competition has recently proved no less damaging.

How are colonial preferential tariffs to diminish
the number of either British or foreign competitors? Or how far can preferential tariffs increase the volume of the world's trade? Will the proposed prohibition or taxation of steel, &c., produced by German or American manufacturers help or hamper British shipping? Will British shipping run any risks in the course of a long or short bout of tariff retaliation? These questions are regarded by the Tramp from a point of view which is not as restricted as that of the Liner. The Liners have more or less secured themselves in the trades which they cultivate. Some of them find the basis of their business in mail contracts, for which the Post Offices pay regular remuneration. Some depend on mercantile manipulation and combination as well as on cheap carriage for their security. They all work to some extent in what are known as Conferences (the vulgar have sometimes called them Rings), and thus diminish competition, whether British or foreign. They steam along regular routes, and their attention is concentrated mainly on the trade confined to these routes. Thus a Liner trading exclusively to Canada will tell you that a preference given to Canadian grain in England and to English goods in Canada would, by increasing the Canadian-English traffic, be undoubtedly beneficial. The extra cost of his new steamers caused by the protection of the British iron-masters could be ignored by him if his trade were sufficiently enhanced; nor could retaliation reach him on his
route. And with slight modifications these remarks are true of the West Indian, South African, and Australasian lines. In his narrowest capacity it is no business of the manager or owner of these lines to inquire how far his prosperity thus encouraged would mean disaster for other people. The nation, however, must remember that what the colonial lines would gain would be lost by the vessels depending for employment on foreign cargoes. Until the position of India is defined, we cannot tell the effect of Mr. Chamberlain’s proposals on the volume of the Eastern trade. But the lines whose ports of departure, ports of call and destinations are foreign, could extract no benefit whatever from a colonial preference; an artificial rise in the price of steel, &c., would handicap them; and retaliation would place them most in danger of attack. Yet even their position is less risky than that of the Tramp, for they have by combination and by monopoly of port facilities secured themselves to some extent from outside attack, and they refrain from invading a foreign competitors’ business whenever by such abstinence they can persuade the foreigner to leave them alone.

**THE UNPROTECTED TRAMP.**

The Tramp, on the other hand, goes everywhere, competes for everything against everybody, cuts into any trade—British, foreign, or colonial—whenever he can see a profit: and he is similarly subject to attacks with no means of defence except his own
efficiency. Such free competition on the whole brings to the most capable shipowner, who works the best and cheapest vessels, his just reward in profits and uninterrupted employment. In this incessant Tramp contest we are supreme: so supreme indeed, that in carriage by Tramps we do not only our own work, but we have also captured, unaided by Government subsidy or privilege, the business of nearly the whole world, colonial as well as foreign. Few people realise that the British Mercantile Marine is largely composed of Tramps. Let any one go to Newcastle and Shields, to Sunderland, Hartlepool, Cardiff, or Middlesborough, and he will find swarms of firms whose fleets are composed of Tramps alone. They carry nothing but cargo from year to year, very largely coals outwards from the United Kingdom, and grain, timber, cotton, and other bulk cargoes homewards. Even in great Liner centres like Liverpool, London, and the Clyde, Tramps may be counted by the hundreds; they include all kinds of vessels, from the little packet which plies on the coast to the six, eight, or ten thousand tonners which go further afield. And their interests are not restricted merely to the ports of registry, for of the £120,000,000 or thereabouts of capital invested in these innumerable vessels, an immense amount of it is owned by shareholders in every part of the United Kingdom. The Liners are so beautifully advertised in railway stations, hotels, and shops, and obtain such ex-
tensive attention from the newspapers, that the man in the inland street imagines all British shipping is to be found in the great Lines. Far from that, the Liners number roughly 1,300 vessels, while the Tramps approximate to some 7,000 steamers and 7,000 sailing ships. Herein lies our most marked supremacy, which has been won by us in open competition. The growth of this vast mercantile power synchronises with the growth of our Free Trade policy. The experience of the past fifty years has proved that no protective country has been able to create and develop a strong Tramp fleet. France has failed in spite of expensive efforts; Germany's expansion has been peculiarly in Lines; and the American Tramp has almost disappeared.

**Cheap Shipbuilding Essential.**

The first essential condition to success in Tramp business is cheap and good shipbuilding. Cheap repairing ranks next in importance. Economy of construction and economical management are the deciding factors in the history of shipping of all descriptions, but especially so of Tramps. One need not wonder at the alarm with which shipping traders look on the agitation in favour of Protection for the British iron-masters. If a tariff wall is to be raised round the country, the Steel Ring now incipient would be uncurbed by outside competition, with the natural consequence of a rise in the cost of shipbuilders' material and a further stimulus
to higher prices for new vessels, which form the raw material of shipping. Of course prices fluctuate from natural trade causes, but these inflations would be constant whether in good or bad times. The shipowner would have to pay the difference, with the result that to recoup himself freights must be advanced, whereupon other maritime Powers might capture some of the business which we by superior economy now retain. This is what has happened in the United States, where with all the advantages of personal smartness and clever machinery, steamers cost 30 per cent. more to build than in the United Kingdom. That 30 per cent. has killed American Tramp shipping. But even if the new Fiscal proposals are to be restricted to the taxation of food, Mr. Chamberlain assures the artisan that higher wages are to follow. If higher wages follow, it is clear that the proposals forecast an addition to the shipbuilder’s labour bill. Roughly 45 per cent. of the price of new vessels goes in cost of shipbuilder’s and engineer’s labour, 45 per cent. in cost of steel, &c., and 10 per cent. in shipbuilder’s profits. Similarly repairing would become more expensive, and in these two important items alone, even if in no others, economical management would be dangerously handicapped.

**HOW TARIFFS HAMPER TRADE.**

Nor can the Tramp owner contemplate without dismay the very least shrinkage in international trade.
He wishes to see international trade encouraged in every legitimate way. Men with experience of the world's commerce know how much tariffs hamper trade, not in theory only, but in actual practice, and the effect is reflex. The carriage of coal in particular from the United Kingdom is dependent on abundant imports back again into this country or into other near countries. For instance, were Russian grain unwelcome in our ports, hundreds of vessels would be deprived of homeward cargo from the Mediterranean, and the outward coal voyages of our vessels would become possible only at greatly increased outward freights. The consequent rise in outward freights would mean that English coal could reach Italian, French, and Spanish ports only if it could secure a greatly enhanced price; whereupon cheap American coal, which has long waited for its opportunity, might secure a permanent footing in our Mediterranean markets. Moreover, the diversion of homeward cargoes would thus add enormously to the cost of coal delivered at the great coaling stations of Port Said, Malta, Algiers, and Gibraltar; and the price of bunkers taken by British steamers would add another burden to the expenses of the shipowner. Or again, consider how easily Welsh coal might be displaced in the Argentine by Virginian coal, the quality and cheapness of which are aided by the fact that the distance to the Argentine from the States is less than from Wales. These advantages of the American coal exporter are
neutralised at present by the fact that steamers cannot afford to go out in such numbers from the States at the same low freight which is sufficient to remunerate them for carriage from England, for vessels which carry coal from, say, Norfolk (Virginia) to Buenos Ayres cannot get a return cargo to an equivalent extent homeward to the United States owing to the States tariff wall against foreign imports. In fact, instances of the dangers of a diversion of trade routes are innumerable; and the shipping trade is at present passing through so severe a depression that the least dislocation or diminution of trade will do infinite harm.

The Canadian trade provides two more illustrations. First, the transference of the Russian grain trade to Canada would mean that many vessels now being used in the Black Sea and Baltic would be unable to secure a footing in the St. Lawrence. Larger boats of a more suitable type would be required for those waters. Second, the average shipowner does not clamour for Canadian voyages, for navigation in the St. Lawrence is dangerous, and underwriters want 2 per cent to 3 per cent. more premium on Quebec and Montreal traders than on vessels in the general trades. These natural disadvantages cannot be overcome, and would be reluctantly exchanged by the shipowner for the safety of the River Plate and Black Sea passages. Some one has propounded the theory that to alter the natural trend of our trade into colonial channels
would be more profitable for the British shipowner because colonial voyages are longer; the British consumer would, in fact, have to pay more to the shipowner for the carriage of his food over greater distances. Were this true, it would not lighten the bills of our households. But the Australian trade is unpopular with shipowners because of the action of the local Governments, and the Canadian trade is penalised by insurers. Mere length of voyage is not worth consideration when the conditions under which it has to be undertaken entail such greatly increased expense. What a curious mind is necessary to praise the economic policy which aims at making our national food supplies come from the most distant or most dangerous rather than from the cheapest and most convenient sources!

**THE INJUSTICE OF SUBSIDIES.**

All this may be granted by the Protectionist, but he thinks it necessary to draft a memorandum of "what he can get out of it." First of all he wants subsidies similar to the subsidies of France and Germany, and he made a great effort through last year's Shipping Subsidy Committee to state his case and procure a report in his favour. He was met by the reply that to give subsidies to selected Lines would be unfair to all the excluded Lines; to subsidise all Lines would be unfair to Tramps; to subsidise Tramps and Lines would be a financial undertaking so vast as to be beyond the capacity of
the Exchequer. The Committee might have added that to subsidise shipping at all would have been unfair to the taxpayer.

Then the shipowner urges that foreign shipping is not hampered by Board of Trade restrictions, and it competes against us in our own ports at a great advantage. That all vessels of whatever nationality using our ports should have to submit to the same Board of Trade regulations for safety of life and property is a claim so just that no Government, Free Trade or Protective, need hesitate to relieve this British grievance.

The Coasting Trade.

Last of all, it is urged that France, Russia, Spain, Portugal, and the United States have reserved their coasting trades for vessels flying their own flags, which means that a large portion of foreign trade in which we once had an interest has been closed against us, whilst our coasting and inter-colonial trade is open to the vessels of all nations. The result abroad has been that the coasting freights paid by the foreign merchants have been raised to some extent. The result at home has been no artificial restriction of competition or raising of freights, and the British shipowner has done his work so much better and cheaper than his foreign competitors that in our own coasting trade the foreigner is almost unknown. Russia some time ago restricted her Odessa-Vladivostock trade to
Russian vessels, and America declared that New York to San Francisco was to be considered a coasting trip and accordingly preserved. In the former case some injury was done to Tramps, and in the latter a few vessels were displaced. But whether the injury was large or small the fact remains that British shipping suffered by these restrictions. How are we to compel the Russian and American to throw open trades which he has closed to all except his own vessels? It is said that reserving our coasting trade would be the natural form of retaliation. As retaliation it would be ridiculously ineffective. Neither Russia nor America would care one cent, for they have not a single vessel in our coasting trade at present, and to say to them that by way of punishment we would exclude their vessels from our coasting trade until they reopened their own routes would induce them merely to smile at us.

We may conclude, therefore, that British shipping has little or nothing to gain by reviving the Navigation Laws for the home coasting trade. Nor could the Colonies give us much by closing their ports against the foreigner in the Intercolonial or Imperial trades, for we do the bulk of their carrying already. Nine per cent. of their colonial traffic is done in foreign bottoms; 91 per cent. in British. Expressed differently, it is remarkable that of our total carrying trade centred in the United Kingdom only 1¼ per cent. is done by the foreigner with our possessions across the seas. That 1¼ per cent. is all
that our Colonies have to give to British shipping by prohibiting the foreigner. We could not exclude all foreigners ruthlessly from our inter-Imperial trade, for let it be noted that France (except with Algeria), Germany, Holland, Denmark, Sweden and Norway, Belgium, Austria, and Italy, permit our vessels to trade with their overseas possessions. The only countries which prevent us and all other foreigners from invading that trade are the United States, Russia, and Spain. Their share of our inter-Imperial trade is only 5 per cent. of the total foreign tonnage thus engaged. In other words, by dealing with this we should at the outside be able to transfer only $\frac{1}{2}$ per cent. of our colonial trade; 99$\frac{1}{2}$ per cent. would remain where it was—and that $\frac{1}{2}$ per cent. represents of our total trade in and out of the United Kingdom a paltry 16th per cent. For such a slender advantage (apart from all other considerations) we should be reckless in risking any portion of our vast foreign trade. We carry for Russian, German, Belgian, Dutch, French, and American customers great masses of merchandise. Last year the estimated British tonnage entered and cleared with cargoes and in ballast at ports in these countries in trade with other foreign ports in 1901 was—

<table>
<thead>
<tr>
<th>Country</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia (1900)</td>
<td>3,674,000</td>
</tr>
<tr>
<td>Germany</td>
<td>2,671,000</td>
</tr>
<tr>
<td>Belgium</td>
<td>4,504,000</td>
</tr>
<tr>
<td>Holland</td>
<td>2,730,000</td>
</tr>
<tr>
<td>France</td>
<td>7,253,000</td>
</tr>
<tr>
<td>United States</td>
<td>14,421,000</td>
</tr>
</tbody>
</table>
It is impossible to obtain statistics which will give us any accurate measure of the extent to which purely foreign carrying is done by our merchantmen, but one startling fact may be drawn from a comparison of the tables showing the increase of our exports and imports, and the tables showing the increase of British tonnage. That fact is that we have increased our tonnage in greater ratio than we have increased the volume of our United Kingdom out and home cargoes. The great surplusage of this tonnage has therefore been employed in purely foreign trade. Indeed, let any one inquire from the innumerable shipping firms in Cardiff, Hartlepool, the Tyne, Clyde, or Forth, and he will find that among large Tramp steamers about eight out of ten conclude their homeward voyages at ports other than those within the British Isles, and indeed there are scores of vessels hailing from these ports which have not been in the United Kingdom since they were built, or come home only occasionally in order to complete the repairs necessary for them to retain their Lloyd's classification.

Of course we are so valuable to the foreign merchant that his Government would be cautious in prohibiting the entry of our vessels to his ports, but we must face the fact that the tonnage at present afloat is abundant beyond the world's immediate requirements. A foreign Government might therefore find this a suitable time for an attack on our
shipping. No other of our national industries is so vulnerable and none so sensitive. Let it receive one sweeping blow from a government engaged in playing tricks with our national fiscal policy, and its recovery would be slow. If once we enter on a fiscal war with other states, shipping will be the first to suffer. It is true that a purely hostile tonnage tax on British vessels or their exclusion from foreign ports would be injurious to the hostile State as well as to us. But what we have to think of is the injury to ourselves, and that injury would spell idleness for hundreds of our vessels and ruin for their owners.
THE
CUTLERY TRADE OF SHEFFIELD

By Frederick Callis

There are very few of the ancient industries of Sheffield that have undergone more sweeping changes under the reign of Free Trade than the manufacture of goods included under the head of "cutlery." Indeed, so entire has been the transformation that points of comparison between the condition of things to-day and what they were a century ago are extremely difficult to find. The last half-century has been one of progress—steady, sustained progress—beneficial alike to manufacturers and to workmen. This statement will no doubt be canvassed, but it is nevertheless true and can be supported by facts. Fortunes have been built up of such proportions as were never dreamed of by the Fathers. The workmen now carry on their labours and spend their leisure amid surroundings to which the proverbially "poor cutler" of a former generation was an absolute stranger.
AN ANCIENT INDUSTRY.

The cutlery trade of Sheffield has a most ancient history, and it is as interesting as it is ancient. When it was established is unknown, but it had certainly taken deep root here in the days of Elizabeth. The cutlers were then little better than serfs, working under the most repressive of restrictions, and for the scantiest possible remuneration. The selection of Sheffield as the seat of this branch of trade was a very happy one, for it furnished advantages such as few, if any other, places possessed—advantages that meant much more in years gone by than they do even to-day. No fewer than five streams flow down the valleys into Sheffield from the hills and moors around, furnishing an abundance of water power. And coal and iron and stone are all within easy reach. Business began with the manufacture of the ancient "thwytel," as Chaucer called it, and passed on to the jack-knife, the spring-knife, and other improvements alike in table and in spring cutlery.

A CENTURY'S PROGRESS.

It is, however, during the last century, and more especially the latter portion of it, that the most remarkable developments have taken place, alike in the manner in which the business is conducted, in modes of manufacture, and in the conditions of life of those engaged in the trade. A variety
of causes have contributed to bring these changes about. They are, the greater energy and enterprise of manufacturers and the increasing steadiness and intelligence of workmen; the reliable use of steam in place of the uncertainty of the old water power; the free adoption of machinery whereby much heavy manual labour has been saved and the output vastly increased; the operation of the Factory Acts, securing better sanitary surroundings and, as a consequence, improved health and longer lives.

It is extremely gratifying to be able to record that under Free Trade both employer and employed have prospered. There are cutlery manufacturers in the city of Sheffield to-day who are wealthier beyond all comparison than their ancestors. They live in an altogether more affluent style, in palatial residences situated in charmingly laid-out grounds. They have their carriages, their hunters, their moors, and other similar luxuries. Many of them have had the best education the country can furnish, and are men of culture and refinement. They know little or nothing, by personal experience, of the rough side of life with which their ancestors were familiar. On the other hand, a hundred years ago many of the leading cutlery manufacturers lived in houses at the entrance to their works or close by. They commenced work with their men at five or six o'clock in the morning, and were at it until eight or nine o'clock at night. Years ago,
THE CUTLERY TRADE OF SHEFFIELD

when new premises were built in Norfolk Street by Messrs. Joseph Rodgers and Sons, the modest residences of the partners were placed on each side of the entrance gates. Mr. Michael Hunter, the founder of the firm of Hunter and Son, whose grandson has just been elected to the high and honourable office of Master of the Cutlers' Company of Hallamshire, in his earlier days lived at his works in the Wicker; and what was once his "best room" was afterwards utilised as an office. The older members of the trade are full of interesting reminiscences of the modes of life of the masters of their younger days; how they used to travel through the country in search of orders on horseback with their samples and even goods in panniers across the horse; and the rush there was to have their wares ready for the stage waggon as it came lumbering through the town.

GROWTH OF HUGE ESTABLISHMENTS.

Perhaps no stronger or more palpable proof of the advantages of Free Trade could be furnished than a walk through some of the cutlery establishments of to-day. They are extensive beyond all comparison with those of former days; perfect in the arrangement of departments; and fitted up with the most up-to-date machinery and other accessories. It is only necessary to name such works as Messrs. Joseph Rodgers and Sons, Messrs. Harrison Brothers and Howson, Messrs. James Dixon and Sons, Messrs.
Walker and Hall, Messrs. Mappin and Webb, and several more—any one of which would swallow up several of the factories of a bygone age. It may be said that all these firms are silversmiths as well as cutlers, and that they owe their prosperity as much to the one industry as to the other. That is no doubt perfectly true; but it would be easy to show that the causes which have led to the development of the cutlery branch have been equally powerful in their operation on the silver and plating branches.

A Manufacturer's Views.

An admirable illustration of what has been said is furnished by the history of the firm of Messrs. Harrison Brothers and Howson. Their business was established over a century ago by Thomas Sansom and Sons, and in 1847 it was purchased by Messrs. J. W. Harrison, H. Harrison, and W. Howson. In that year the cutlery trade was so depressed that the workmen were glad to sweep the streets for a living. A change came, and the new firm began to prosper. Their premises in Norfolk Street were extended again and again; additional works were acquired in another part of the City; and still more accommodation was needed. Some six years ago the firm purchased property in Carver Street covering about an acre of ground, and thereon they have erected a thoroughly up-to-date manufactory replete with all modern appliances and conveniences. The
internal arrangements are as complete as skill and long experience could suggest. A prominent feature of the new works is the power-house with its engine of 250 h.p.; its powerful dynamos, and its motors scattered through the place, furnishing alike force and light. The firm employ about seven hundred people. The progress made by this firm is typical of that of others mentioned.

Mr. George Howson, the senior partner of the firm, was asked what, in his opinion, had been the effect of Free Trade upon the cutlery industry of the City. He replied that the trade had more than held its own in face of the high tariffs and keen competition of other nations. There had been progress in the output of high-class goods in the last fifty years, but not by any means to the same extent as in medium and common qualities. This was probably to be attributed to the introduction and free use of machinery which lent itself with more satisfactory results to the production of the lower than to the higher grade wares. Best table cutlery is made now after very much the same methods as it was a century ago, and there is little probability of change, as it is not an article that lends itself to alteration. High-class steel is so hard that attempts to manipulate it by machinery break the tools, and heating it to make it work easily would destroy its temper and reduce it to common steel. For the production of medium and common goods machinery is most valuable—
indeed, a necessity of the times. While a forger is making a handful of blades, a machine will turn out a barrow full.

Coming to the position of the worker, Mr. Howson compared it with what it was in 1847, when his father commenced business, and stated that not only in money wages, but also in the conditions under which the workman does his work, and indeed in all directions, there has been distinct improvement. The introduction of the emery wheel has relieved the cutler of much exhausting labour. "Half a century ago you did not see," remarked Mr. Howson, "a cutler wearing a collar, and it was most unlikely that he had a Sunday suit. I have heard my father speak of one workman of his earlier days, an ivory cutler, who was known as 'Ivory Bob.' He was dubbed 'the gentleman of the firm' because he wore a collar and a top-hat! You may take it generally that the workman now is twice as well off as were his forefathers." Mr. Howson spoke most approvingly of the working of the Factory Acts and of the judicious manner in which they have been administered in Sheffield.

A Chat with a Working Cutler.

These opinions of a prominent employer can be amply confirmed by the recollections of the older workmen. Take, for example, Walter Barnes, an admirable type of the self-respecting working
cutler. His memory travels back to the days when the position of workers in the cutlery trade was totally different from what it is now. He remembers very distinctly how his father was "chaffed" for going to live in a house which was £10 a year. That was in the days of the £10 franchise, and his father wanted a vote, and had to pay for it by an increase in his rent bill. Now we have household suffrage.

"In those days," said Mr. Barnes, "the cutler was very poor, and in his poverty was often addicted to drink. Not one in twenty had a second suit of clothes, and the only change in his dress on a Sunday was that he put on a clean apron! All that has been altered. Now in the homes of many you will find the floor covered with oilcloth, a good table and sofa, and even a piano—although perhaps purchased on the hire system. Yes; the position of the cutler in my time has altogether changed. He is a steadier man, earns higher wages, and he has comforts and sources of enjoyment unknown in former years.

"There was no School Board with its free education in my young days," continued Mr. Barnes; "and before I was ten years of age I started to work. I had to leave home at a quarter-past five in the morning and was kept at work until nine o'clock at night. If I got off at four o'clock on Saturday I felt as though I had secured a day's holiday. Now we begin at half-past eight and stop
at six, and at twelve o'clock on Saturdays. The cutler and all his surroundings have undergone a complete change for the better."

A Master of the Old School.

Another master whose opinions it is interesting to quote is Mr. Charles Ibbotson, one of the old school of cutlery manufacturers, who was once a workman himself. He can recall the days when most of the common goods, and especially the well-known Barlow Knife, of which enormous quantities used to be sent to America, were made in the surrounding villages—Stannington, Wadsley, Worrall, Dungworth, and Hillsbro. Forgers, grinders, cutlers in the employ of "Little Mesters" were scattered all over the district. In many instances the men had a bit of land attached to their house or their shop and were able to eke out a living by growing vegetables. There were no Factory Acts in operation then, and when there was a big rush of orders men and apprentices would work from four or five o'clock in the morning until nine or ten at night. The masters might have been seen rushing round and offering bounties to men to work for them.

"I used," said Mr. Ibbotson, "to work every day in the week, never taking a holiday or going on the drink, and my wages averaged a guinea a week! I used to make seven dozen Barlow Knives a day, and was paid sixpence a dozen. By the way the
material is put into his hands a cutler can now make eight dozen where I made six dozen. I remember once when trade was bad and my master had stocked all his money I went on working for him on credit until he owed me £33. The 'Little Mesters' at the end of the week used to bring the goods down to Sheffield on donkeys to sell, and when trade was good the merchants would meet them on the road and bid against each other to get the knives. Barlows were sometimes sold at 11s. per gross and at all prices up to 21s. per gross. If you had met some of the 'Mesters' going home you could have told by their appearance how Barlows had gone. I need not say anything about the masters, but with regard to the workmen their position in my time has wonderfully improved, and the improvement is going on. The cutler now has thrown open to him parks and recreation grounds and woods; he has the use of free libraries for himself and free education for his children; and lots of sources of enjoyment to which in my early days we were entire strangers."

Views of a Prominent Labour Leader.

There are few men in a better position to form an opinion of the cutlery trade of the present as compared with the past than Mr. W. F. Wardley. He is a member of the City Council, and a very prominent worker in all movements for the advancement of the people. For nearly thirty years he
toiled as a table blade forger, and only left the hammer and the anvil to take up the duties of Secretary to the Table Blade Forgers and Strikers Union. In this position he is brought into personal contact with employers and employed alike throughout the City.

"I can remember well," he said, "hearing conversations between my father and the older members of the trade of what they had passed through in the 'good old days of protection.' There were then, as there have been since, periods of good and bad trade, but it was evident from what they said that when bad trade did come the sufferings of the people were very much worse and more widespread than they would be now.

"And why? Because all the necessaries of life were so much dearer, and the little money obtainable from parish relief or any other source would go practically no way in what it would purchase. A man, his wife and family would want three stones of flour a week, and this at 4s. 6d. per stone, as it was in my father's younger days, would mean 13s. 6d. per week. The price of flour to-day is 1s. 6d. per stone, so you see the difference in the bread bill alone. The fact is the poor could not obtain sufficient money to buy all the bread they needed, leave alone meat and other necessaries. The acute sufferings of the poor cutler when trade was bad in those days can hardly be realised by us.

"Of course, in some branches of the trade, such
as table blade forgimg, fewer men are employed now; but that is not because of any falling off in the demand, but because of the wide introduction of machinery. Many classes of goods are now made by machinery that used to give employment to a large army of hand forgers. They have found other and better paying work. There can be no doubt that the general condition of the working cutler during the last half-century has decidedly improved. He works under healthier, easier, and less exhausting conditions altogether. To-day he would not submit to some of the inconveniences and annoyances which his forefathers thought belonged to their stand in life. For instance, an apprentice in the old days recognised it as part of his duty on a Saturday to break so much sand to scatter over the floor of his master’s house after it had been washed, or fetch water from the wells for use during the following week. I had to break sand in my apprentice days. As far as his means will allow, the cutler has moved upwards. He is better educated; his wife and family are better dressed, and he has a more comfortable home. Many things he then regarded as a luxury, only obtainable at intervals at the best, he now claims to be a necessity, and gets them.”

In reply to a question as to the tariffs put on our goods by other nations, Mr. Wardley said:—

“The cutlery trade has no doubt been hampered by foreign competition, but we must remember that
that would be there whether we had Free Trade or Protection. America, Germany, and France, who used to be amongst our best customers, have become manufacturers themselves, and are in a position to supply their own markets, and would do so tariff or no tariff. In my judgment, if it had not been for Free Trade bringing in its train cheap food and improved conditions of life all round, we should have been very much harder hit than has now been the case, for we should have lost some foreign markets anyhow, and we should not have gained the splendid round of markets which we now possess. No; we don't want, either by Protection or any other system, to return to the state of things that prevailed in our trade during the early part of last century, and there is no fear of its coming to pass. The country would not stand it."

**The "Little Mester."**

Under the reign of Free Trade that very ancient institution the "Little Mester" is rapidly disappearing, partly from the different way in which production is carried on, and partly from the operation of the Factory Acts. He made very cheap goods; his people worked often amid most insanitary surroundings; he was dependent upon the sale of his output at the end of the week for the wherewithal to pay even the poor wages he could afford; and the income of both employer and employed was of a very precarious character. The trade is being con-
centrated more and more in the hands of men of capital, who own large, light, airy shops, who have the most efficient up-to-date machinery, and who have plenty of capital at command. While alluding to the "Little Mester," with all respect for the part he played and the work he did in the past, it has to be admitted that he was a great obstacle to progress. He would not be convinced that the markets of the world were changing, and that what suited the grandfather and father would not please the son and grandson. The head of one large firm remarked, "We spend considerable sums of money in sending our travellers to the four quarters of the globe for orders, and when we have received their reports and samples of what was wanted, the 'Little Mester' has stood in the way of the suggestions being carried out." There are many instances in which the "Little Mester" is now being employed by a big firm as ganger over a team of cutlers. They work in a large shop, and by co-operation and subdivision of labour, goods are produced in enormous quantities at a minimum of cost.

Pen and Pocket Cutlery.

Although it has not been found possible to introduce any very great variety of patterns in table cutlery, there have been endless developments in pen and pocket knives, and the introduction of new designs is still going on. Up to the end of the seventeenth century the spring cutlery, though good
in quality, was extremely plain and sadly wanting in finish. The trade entered upon a new era in 1820, when what is known as the "Wharncliffe Knife" was invented. Since then leading firms have devoted unremitting attention to the production of novelties and specialities, and such knives are made to-day of the most costly material by the most skilled of workmen. In addition to steel goods, the cutlery trade of the present day embraces the manufacture of silver or plated knives and forks for fish, dessert, butter, &c., with handles of pearl, ivory, and other costly material. By stamping, chasing, etching, and similar processes, the ornamentation of these goods has been brought to great perfection, and the increased wealth of the nation admits of a very large business being carried on in all these productions. The trade no longer has to depend on the wants or whims of a few rich people, for these articles of comfort and luxury are now to be seen on the tables of the many.

Scissors and Razors.

The branches of the cutlery trade devoted to the manufacture of scissors and razors have passed through a period of serious troubles, that were largely of a preventable character. Instead of recognising the necessity for change in methods of production in face of growing competition of foreign rivals, the men generally fought against it, and trade was literally driven away. A prolonged
strike some thirty years ago in the scissor trade let the Germans into our home and foreign markets, and it was found impossible to drive them out. By the tardy adoption of machinery which the foreigner had long been using much of our trade is being gradually won back. Another trouble was caused by a change in fashions. The days are not long past when there was a brisk demand for the most expensive and elaborately worked scissors Sheffield could produce; but they are not much wanted now, either for the home or foreign markets. Russia, for example, was once a good customer for fine scissors, and bought largely at sixty shillings per dozen; now they want them at about six shillings per dozen. The demand is for a useful, rather than an ornamental, article at a moderate price, and Sheffield manufacturers are endeavouring to meet it.

Again, the development of the razor trade was checked by the introduction of the German hollow-ground razor. For a long time the Sheffield grinder refused to take it up, and makers had to send their blades to Germany to be ground. He has come to a better frame of mind, and now hollow grinding is done in Sheffield in as great perfection as can be turned out on the Continent. The Sheffield-made razor is regaining its position of supremacy not only in our home market and Colonies, but in India, South America, and elsewhere. Some houses still do a good business in fine razors with America.
Here again it has been of immense advantage to have the world as a market rather than two or three countries only, for the output by many firms is far in excess of anything possible in olden times.

**Adoption of Machinery.**

Reference has been made to the introduction of machinery to the cutlery trade. This was not done without much misgiving on the part of manufacturers and the keenest opposition from the workers, who believed they saw in it the ruin of the industry. It is scarcely half a century since Mr. Michael Hunter put down a trip hammer for forging blades, the work having hitherto been done by hand. The men were so incensed at his action that there was danger of his place being blown up, and the manipulators of the new tool had to be under police protection. Those were the days when men's tools were "rattened," when houses and works were blown up with gunpowder, and murders were committed. The machine, however, had come to stay, and developed into the steam hammer, the automatic air hammer, and the spring hammer, each introducing an improved system of forging and cheapening production. Then came the machine for "flying" blades, *i.e.*, cutting them out of the bar of steel; and so extensive has this mode of manufacture become that the supplying of blades to the trade is a separate industry. As an example, reference may be made to the manufactory
of Mr. Samuel Staniforth, of the Central Cutlery Forge. His machinery includes forty hammers and five pairs of eccentric rolls. His output is a thousand gross of blades per week—more, probably, than all the hand labour in Sheffield could produce. This free use of machinery in turning out blades, springs, scales, and other parts, has saved the labour of large numbers of workmen who are now employed at other work, and at the same time it has enabled our manufacturers to compete successfully with foreign rivals in almost all the markets of the world.

Satisfactory as the cutlery trade is, it might have been even more prosperous if masters and men had co-operated more heartily together. There is, however, much to be said for the men in the attitude they often assumed. They were poorly paid; much of their time was often wasted in waiting for work or in collecting the material to do it; and when employers suggested change of patterns or the utilisation of machinery the men were exacting in their demands, and consequently valuable improvements had to be abandoned or postponed. It is the opinion of many that if the Sheffield cutlery manufacturers had had to face the foreign competition that has prevailed without the advantages of Free Trade neither they nor their workpeople would be enjoying the measure of prosperity that now prevails.
HAFTING MATERIAL.

To attempt to tax either the imports or the exports of the many varieties of material required for the hafting of cutlery would mean ruin to the trade. England has been the market of the world for ivory, pearl, the horns of the stag, the elk, the antelope, the rhinoceros, the walrus, the buffalo, and the ox, as well as the leg bones of the ox and the giraffe, and so on.

The principal of one of the leading firms who supply the trade with hafting material, who was consulted on this point, said he had no doubt whatever that Free Trade had been of the utmost benefit to Sheffield. Where they had partially lost one market through high tariffs they had gained others, and the output of cutlery now is something enormous—far beyond anything previously known. "Firms like ours," said he, "are in a position to know, because our fingers are on the pulse of the trade. There is more ivory and pearl and other natural products cut up to-day than the outside world has any conception of. Very considerable quantities are used up locally, but still more of some kinds go abroad in the form of handles and scales. Some of the leading foreign cutlery manufacturers draw all their hafting material from here; and not only is a market thus found for much that is unsaleable at home, but employment is furnished for an army of people. It is, however, in the