COLONIAL TARIFF POLICIES
UNITED STATES TARIFF COMMISSION.

Office: Eighth and E Streets NW,
Washington, D. C.

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NOTE.

This report treats in detail of the tariff policies of the colonial powers and of the self-governing Dominions of the British Empire. Part I contains chapters on tariffs and tariff policies in the colonies of Belgium, France, Germany, Great Britain (Crown Colonies and India), Italy, Japan, the Netherlands, Portugal, Spain, and the United States, with some general descriptive and historical matter. The tables of contents prefixed to each chapter, and the general index will enable the reader readily to locate the discussion of any phase of the subject in which he may be especially interested. Part II sets forth the development of the preferential tariff policy in the British Empire, with chapters on Great Britain, Canada, Australia, New Zealand, South Africa, and Newfoundland.

A large part of the Introduction and Summary is based upon the material contained in other chapters, but it begins with an outline of the rise of the modern colonial empires. After establishing the necessary distinctions between the different kinds of colonies, it discusses the characteristics and importance of colonial trade. The summaries of the other chapters of the report include brief statements of the general policy of each of the colonial powers, but the survey of colonial tariff policies is mainly developed subject by subject. In the sections of the Introduction and Summary devoted to treaty obligations, import duties, export duties, intercolonial trade, the treatment of colonial products in the market of the mother country, and minor and concealed preferences the reader will find a general presentation of those topics. It is felt that the material presented in this chapter will be sufficient to introduce the subject, and it has been published separately under the title Introductory Survey of Colonial Tariff Policies, which may be obtained from the Government Printing Office for 10 cents a copy.

It is believed that the text or notes include substantially every development of any importance in the field of colonial tariffs to the middle of November, 1921.

In the preparation of this report the Tariff Commission has had the services chiefly of Dr. Benjamin B. Wallace, Dr. Jacob Viner, and Dr. Stanley K. Hornbeck. In addition, assistance was rendered in the preparation of the report by Mr. P. T. Hitchens, Dr. Percy Bidwell, Mr. Gilbert Hirsch, Mr. Walter E. Myer, and Miss Violet Bacon Foster.
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INTRODUCTION AND SUMMARY.

I. Development of the Present Colonial Empires: Three Periods.

That nearly one-half of the world's area now consists of colonies is due to a variety of economic and political forces. These forces have shown their influence neither continuously through modern history nor with equal effect upon different powers. Their influence was relatively ineffective during most of the nineteenth century and when the colonial movement began again about 1875 it excited but little interest on the part of the three powers which had been the first to enter the field of colonial enterprise, while powers which had previously been either nonexistent or indifferent to colonial expansion now joined in the race. The salient features of this modern colonial history may be seen to fall into three periods.

FIRST PERIOD.

The modern period of colonial expansion began in the latter half of the fifteenth century, when the Portuguese pushed their explorations down the coast of Africa and around the Cape of Good Hope to India, while Spanish expeditions crossed the Atlantic and found the continents of America blocking the westward route to the Spice Islands of the East. The Pope declared the unconquered portions of the world divided between Portugal and Spain. Before the period of its union with Spain (1580–1640) Portugal was the political equal and the commercial superior of England. During that period the Dutch, even while fighting to free themselves from Spain, ventured boldly and with striking success onto the high seas; and by 1690 they possessed one-half of the world's merchant marine. Seeking colonies as a means of trade, they took from the Portuguese most of the Spice Islands, including Ceylon. By the end of the century they had settlements in Guiana and the Cape of Good Hope.

Somewhat tardy in their entry, France and Great Britain profited by the pioneering of other nations and overcame the handicap of a late start by the vigor and effectiveness of their commercial and settlement activities. To them, in the second half of the seventeenth century, the Dutch lost much of the carrying trade. 1 The eighteenth century found France and Great Britain the leading colonial rivals. Between 1756 and 1815 Great Britain took from France, Canada, India, and various minor colonies, and from Holland practically all of her colonies (but the Spice Islands were later restored). In the same period Great Britain lost thirteen American colonies and

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1 This was the consequence much more of the enforcement of French and English navigation acts than of the wars of the period.
France sold the Louisiana Territory, all that remained of her North American colonies. A little later Brazil declared its independence of Portugal, and virtually all of South and of Central America established its independence of Spain. This left Great Britain the foremost of colonial powers.

Throughout this early period, colonial rivalry was dominated by the theories and practices of mercantilism and monopoly. Although there was some settlement colonization in America and at the Cape, the chief object of early colonial enterprise was the acquisition of treasure in the form of precious metals: and where these were not obtainable spices, silks, sugar, or slaves were taken for the purpose of securing money by exchange. The African and Asiatic "colonies" were mere trading stations, and even the English conquests in India amounted simply to the occupation of areas tributary to and required for the strategic safeguarding of the ports. With certain exceptions, chiefly at the beginning and at the end of the period, monopolies were the order of the day. If the state did not keep the trade in its own hands (as in the case of Portugal), it granted monopolies to chartered companies or, later, excluded from the trade all but its own nationals. The principle of monopoly applied to all phases of the colonial trade: To the colony as a market, to the colony as a source of raw materials or commercial luxuries, and to the carrying trade between colony and mother country. The monopoly was fortified not by differential tariffs, but by absolute prohibitions, sanctioned sometimes by even a death penalty, and it was relaxed only gradually, mainly by the conclusion of commercial treaties.

SECOND PERIOD.

The six decades from the end of the Napoleonic Wars to about 1875 form a second period in colonial history. Then, as a consequence of various influences—such as the successful revolt of the Americas, the liberal and humanitarian concepts of the philosophy of the French Revolution, the doctrines of Adam Smith and his successors, the decrease in the relative importance of colonial trade, and the great expansion of markets for the manufactured products of Europe resulting from the industrial revolution—the colonial powers loosened, in different degrees and with unequal promptitude, their restrictions on colonial trade. At the same time and in some-

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2 Except some relatively unimportant islands.
3 At that time some of the British colonial acquisitions were commonly regarded as of slight value. At the end of the eighteenth century England would gladly have traded Canada for Guadeloupe and Martinique. Colonial trade was relatively more important then than now, but estimated by modern standards its total was insignificant. Of the 3,280 vessels which constituted the English merchant marine in 1701, it is estimated that the whole number could not have carried on long voyages as much merchandise in a year as can a single large modern steamship. Voyages to the East Indies frequently occupied more than a year. It is estimated that in the early years of the reign of Charles II, the total exports of England averaged a little over £2,000,000 per annum, and that a century later it amounted to only £16,000,000. The heavy costs of transportation limited the trade to valuable commodities, such as spices, sugar, silks, and woolens. The various parts of Europe were practically self-sufficient, with the exception of a few seaports and the industrial centers, such as those of Holland, closely connected with them. The same was true of continental America and India. The West Indies, however, were devoted to sugar raising, of which they had practically a monopoly, and they imported a large proportion of what they consumed: their trade, both in exports and imports, was therefore more important than that of the larger colonies on the neighboring mainland. Incidentally it may be noted that as a rule the foreign trade of a small area or a small population is greater per capita than is that of a similar but larger unit, which has almost invariably more diversified resources and a greater division of labor. (See Marshall, Alfred: Trade and Industry, especially pp. 25 and 38.)
what the same measure, the general interest in colonies declined. The idea of "barren sovereignty" aroused no enthusiasm, and in many quarters it was felt that the expenses of colonization were certain and burdensome while the profits, if any, were both uncertain and, since the ultimate destiny of colonies was independence, transient. The free-trade movement scored its greatest victory in Great Britain, and there the anticolonial movement developed its greatest strength; but among the other colonial powers, with the exception of France, indifference and inaction prevailed. In France, Louis Philippe and the government of the Second Empire went ahead with active colonial policies, with little reference to public opinion. Under Louis Philippe (1830–1848) France acquired Algeria and various islands of Oceania. Napoleon III (1852–1870) directed the acquisition of Cochin-China, Cambodia, and New Caledonia, extended the French hold on western Equatorial Africa, and made some treaties with the natives of Madagascar. He also backed the unsuccessful adventure of Maximilian in Mexico. The British, frequently in conflict with Africans and Indians, extended their sway somewhat in South and West Africa and on a considerable scale in India, in spite of resolutions of Parliament and of the directors of the East India Company. During this period, Great Britain conceded "responsible" self-government to the settlement colonies, restored the native government of Mysore, acknowledged the independence of the Transvaal, gave away the Ionian Islands, and in a number of cases refused petitions for protectorates or disowned annexations made by subordinates, both in Africa and in Oceania, including Hawaii.

THIRD PERIOD.

The third period of the modern colonial movement began after the middle of the nineteenth century, when the further development of industries and large scale production forced a keener competition for markets for manufactured goods. The Liberalism of the preceding period now yielded to the insistent demands of nationalism. The new nationalism expressed itself not only in the consolidation of the German and of the Italian states and of the Canadian provinces and in the disintegration of Turkey in Europe, but in the protective tariffs of the 'seventies and 'eighties, and, after the explorers had penetrated "darkest Africa," in the new phase of colonial expansion which has continued to the present day. After 1877, the area of the British holdings in Asia, Africa, and Oceania increased fourfold; France acquired all but a quarter of a million out of the total 4,000,000 square miles of her colonial empire; Germany, Italy, Belgium, Japan, and the United States acquired all of their colonial possessions.

Most of the colonial acquisitions in this third period were at the expense of rather primitive governments in Africa and Oceania or

5 See Chapter XII, pp. 622 ff.
6 Two-fifths of India still consists of "Native States."
7 Oceania is used in this report to include the islands of the Pacific coast of Ceylon and south of the Philippines and Hawaii, except Australia and New Zealand.
8 The figures are for the colonial empires as they existed before the war.
9 Alaska was purchased by the United States in 1867. For the purchase of Assab in 1869 by Italian interests, see p. 373.
of better organized states in Asia; but to a small extent the growth of certain empires represents only the change of title as between colonial powers. The United States acquired the Philippine Islands, the Canal Zone, and the Danish West Indies by purchase, and Hawaii and American Samoa (including Tutuila) by amicable agreement with the existing governments.

"Protection," in theory and in practice, may be regarded both as a cause and as an effect of nationalism. New emphasis upon both was in no small measure contributory to the new movement in colonial expansion. To acquire a colony was to stake out a prospective preserve for national trade and to prevent exclusion from the area in question as a possible consequence of some other nation's taking it. Colonial trade became again an object of exploitation; but to insure the advantages earlier sought through prohibitions and monopolies there was now substituted the differential tariff. As early as 1877 Portugal increased the slight differential duties already in force in some of her colonies. Italy, with the acquisition of her first colony, adopted the use of differential duties. France, in the years between 1885 and 1892, "assimilated" most of her colonial tariffs. Japan and the United States adopted the principle of preference or assimilation. The self-governing Dominions first increased their protective tariffs and then introduced preferential features.

Not all countries and not all colonies, however, followed the new trend. Great Britain and Holland adhered to the free-trade principles of the preceding period, both at home and in their dependent colonies. Germany maintained an open-door régime in all the regions which she acquired. In theory, at least, Leopold of Belgium did likewise in the Congo Free State. The exceptions were thus considerable in number, but some of them were of the type that "prove the rule." Bismarck, a protectionist, but without interest in colonies, embarked on colonial enterprise in deference, apparently, only to public opinion. One of his motives in proceeding to the annexation of a million square miles of territory was undoubtedly to prevent the erection of protective tariff barriers by other nations around those regions. In this his policy was well in accord with that of Great Britain, and Germany and Great Britain were able to impose a free-trade policy in regard to the whole of Central Africa. Leopold acquired control in the Congo only on condition that a free-trade régime be maintained there. In other places, too, the keenness of colonial rivalry was kept within bounds by agreements that the powers which acquired new territories would not institute discriminatory trade regulations.

These agreements will be discussed under the heading "Treaties and Colonial Tariffs"; they are mentioned here because the evidences.

10 Technically Hawaii was annexed by joint resolution, but the terms of the resolution embodied the text of a treaty which the United States Senate had failed to ratify. The chief cases, in this period, of transfer of sovereignty among the colonial powers were the sale or cession by Spain of most of her colonies. Various regions over which several powers had previously claimed more or less effective suzerainty became in this period colonies: The Transvaal, taken by Great Britain; Morocco, Tunis, Tripoli, Cyprus and Egypt, lost by Turkey to France, Italy, and Great Britain; outlying regions, lost by Siam, taken by France and Great Britain; Korea, Formosa, and Indo-China, lost by China and acquired by Japan and France; Karafuto, lost by Russia to Japan. The lease of the Liaotung Peninsula, and other titles and privileges in South Manchuria which China had acceded to Russia, were transferred to Japan; and Germany, France, and Great Britain acquired territorial leases on the coast of China.

12 For the delay in the application of the principle to the Philippines, Formosa, and Korea, see pp. 588, 439, and 442.
of the efforts which were made in certain cases to assure the maintenance of an open door are proof of the importance at that time attached by some countries to differential tariffs.

Table 1.—Areas and populations of the colonial empires.

<table>
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<tr>
<th>Countries</th>
<th>Square miles</th>
<th>Percentage of world's total colonial area</th>
<th>Ratio: Mother country to colonies</th>
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<tbody>
<tr>
<td></td>
<td>Mother country</td>
<td>Possessions</td>
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<tr>
<td>United Kingdom</td>
<td>121,633</td>
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<td>France</td>
<td>212,659</td>
<td>4,086,037</td>
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<td>Germany</td>
<td>208,730</td>
<td>1,14,153,393</td>
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<td>35,488</td>
<td>504,552</td>
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<td>Belgium</td>
<td>11,373</td>
<td>906,600</td>
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<tr>
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<td>12,382</td>
<td>781,532</td>
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<tr>
<td>Italy</td>
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<td>Spain</td>
<td>191,988</td>
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<td>Japan</td>
<td>145,750</td>
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<th>Countries</th>
<th>Mother country</th>
<th>Possessions</th>
<th>Percentage of world's total colonial population</th>
<th>Ratio: Mother country to colonies</th>
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<tr>
<td>United Kingdom</td>
<td>46,406,000</td>
<td>383,327,000</td>
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<td>Portugal</td>
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<td>Belgium</td>
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<td>7,000,000</td>
<td>1.75</td>
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<td>Netherlands</td>
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<td>48,102,000</td>
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<td>Italy</td>
<td>36,740,000</td>
<td>1,750,000</td>
<td>0.33</td>
<td>21 to 1.</td>
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<td>Spain</td>
<td>20,720,000</td>
<td>1,230,000</td>
<td>0.24</td>
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<td>United States</td>
<td>105,700,000</td>
<td>11,718,000</td>
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<td>9.2 to 1.</td>
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<tr>
<td>Japan</td>
<td>55,961,000</td>
<td>21,581,000</td>
<td>3.88</td>
<td>2.6 to 1.</td>
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<tr>
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<td><strong>392,317,000</strong></td>
<td><strong>593,181,000</strong></td>
<td><strong>100.00</strong></td>
<td><strong>1 to 1.4.</strong></td>
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1 In making this and other comparative tables from which only broad comparisons are to be made, time has not been spent in an effort to obtain figures which are exactly comparable—e. g., population figure of the same year or figures of area uniform in their inclusion or exclusion of water surfaces. Of course, neither the area nor the population of these empires is any accurate measure of their value: the two largest probably contain the greatest proportion of deserts, with the exception of the unimportant Spanish and Italian Empires.

2 France includes Alsace-Lorraine: the other areas are the prewar areas.

3 The population figures for France, Germany, and Portugal are those of 1910-1911; otherwise recent figures or estimates have been used.

The area and population of the Canary Islands is here included with the Spanish colonies.

The total areas and populations of the colonial empires may be compared with those of the rest of the world: 22,000,000 square miles with perhaps 700,000,000 inhabitants. Latin America has an area of 8,284,000 square miles with 85,000,000 inhabitants; Siberia, 6,284,000 square miles, with 29,000,000 inhabitants; and China, 3,941,000 square miles, with about 320,000,000 inhabitants.

II. Classification and Characterization of "Colonies" and Mandated Territories.

The word "colony" is used broadly to include a great variety of dependencies, some of which would, if the word were employed in a strict sense, be excluded. This report is a study of the colonial tariff policies of the colony-holding powers; for present purposes,
it suffices to distinguish comparative degrees of political dependency. The first and most important distinction to be established is that between those dependencies which determine their own tariff policies and those whose tariff policies are dictated wholly or in the main by the "mother" countries. This adduces at once two groups, on the one hand the British self-governing Dominions, on the other hand all other colonies.

The subtle and constantly changing political relations of the world's territorial divisions defy simple or hard and fast definition and classification. There are three types of international relationship in reference to which the applicability of the designation "colony," or even of the designation "dependency" may be disputed. There are two types of dependency whose approximation to independence renders the application to them of the term colony doubtful. And there is a type whose close assimilation to the mother country makes questionable an attempt to classify them separately.

Further there have emerged from the war "mandated" territories which must be classed, for the present at least, as dependencies, but which are clearly not in any strict sense "colonies" of the mandatory powers; if colonies at all they are colonies rather of the League of Nations.

Before taking up the doubtful cases of the use of the term "colonies," it will be well to define protectorates and spheres of influence.

Spheres of Influence.—The least clearly marked of "dependent" relationships is that of the "sphere of interest" or "sphere of influence." These terms have somewhat different connotations when used in respect to regions in Asia on the one hand and to regions in Africa and Oceania on the other hand. In general, a sphere of influence is a region wherein a given power claims—frequently but not exclusively by reason of "peaceful penetration"—to have a pre-dominant interest which entitles it to any special economic or political rights which may be accorded or obtained therein. This claim may be tacitly or more or less explicitly recognized by other powers. An explicit recognition is usually embodied in a bilateral agreement, by which two powers define certain territories and each agrees to seek no special rights in the region thereby resigned to the economic activity or the political aspirations of the other. In Asia, "spheres of interest" have been staked out within the territories of established independent states, such as China, Siam, and Persia; and their creation has usually had no other immediate effect than progress toward monopolization of railway, mining, and other concessions by nationals of a power whose "sphere" is recognized. In Africa south of the Sahara and in Oceania, where the native peoples have only primitive political organizations and where the existence of "governments" has scarcely or not at all been recognized by the European states, the recognition by the other colony-seeking powers of a sphere of interest in a given territory has been practically equivalent to the creation of a title deed. By agreements among the powers, in the years between 1880 and 1900, nearly all parts of Africa and Oceania not previously occupied were divided among the colony-holding states. As a rule, bases for occupation or conquest of the territory had been established antecedently, and frequently treaties had been made with the local chieftains: but the use of the term "sphere of interest" or "sphere of influence" indicates that actual possession
had not been established. The degree to which control has since been made effective is of minor concern. These territories in Africa and Oceania have long since come to be regarded as protectorates if not as colonies, and their ports of entry are controlled by Europeans. Accordingly they are dealt with in this report; but the “spheres of interest” in Asia are excluded.

**Protectorates.**—Under prevailing modern usage a “protectorate,” in the stricter sense, is a state, otherwise theoretically independent, whose foreign affairs have been placed by treaty under the control of some other state, but whose administration and laws remain wholly or in considerable part free from outside interference; or, in looser usage, it is a colony in which the administration is carried on through native rulers and in accordance with native law but with more or less supervision by “advisers” or “residents” representing the protecting power. The “self-governing colonies” do not fall within this definition because they have never been independent states and their relations to the mother country are not defined by treaty; other- wise their status is closely similar to that of the least dependent protectorates. The important difference between the two is that they have been moving in opposite directions, protectorates tending toward loss of control over domestic affairs and reduction to colonial status, and self-governing colonies proceeding toward practical if not legal independence. The essence of the relationship between a protectorate and the protecting power lies in the latter’s control of foreign affairs; but, especially if the native government is not solvent or does not preserve order, responsibility for financial and foreign affairs compels interference with internal administration. The general tendency is for the protecting power to impose progressively more and more of its methods and institutions.

The protectorates found in North Africa and Asia, such as Tunis and Morocco and the states of the Malay Peninsula and Indo-China, have special treaty relations with their protectors; they have greater likelihood of retaining a measure of independence in their internal administration than have the so-called protectorates of Central Africa, where the native states were not recognized by other powers and have been recognized by the acquiring country chiefly because the establishment of a series of protectorates was a convenient method of gaining control or establishing order without violent opposition. But such territories or states do not constitute true protectorates; they are not dependent or quasi-dependent states carrying on foreign

13 The Transvaal and Orange Free State were independent, but their present self-government does not rest upon a treaty basis.
14 The difference between a colony and a protectorate is logically expressed in the control of the former by the colonial office and regulation of affairs of the latter by the foreign office, as in France and Great Britain. Relations with a protectorate in the stricter sense are diplomatic rather than constitutional. The tendency for the protecting power to exercise increasing authority within a protectorate and to transfer its control from the foreign office to the colonial. Consequently there has been a great decrease in the number of British protectorates under the supervision of the foreign office. Since about 1905 Somaliland, Uganda, Nyasaland, and the East African protectorates have been transferred to the colonial office, and only Egypt, Sarawak, and the territory of British North Borneo remain under the foreign office. The French protectorates of Annam, Laos, Tonquin, and Cambodia, which, with the colony of Cochinchina, compose French Indo-China, are under the colonial office; while Tunis and Morocco are under the foreign office.
15 In some cases native chieftains have voluntarily placed their territories under European protection. Some writers have made much sport over “the strange and generous passion for giving away of kingdoms” exhibited by native rulers. (Woolf, Leonard: Empire and Commerce in Africa, 1926, p. 135.) In many cases these rulers signed documents which they did not comprehend, but in other cases the advantages and disadvantages of the act had been weighed. Consider the case of Hawaii, and compare the rise of the feudal system in Europe.
relations through representatives of the protecting power; they are
rather units of local government, having no foreign relations of any
kind; they have not granted to their protectors a limited right of
supervision; their protectors, on the contrary, have permitted them
to continue, in varying degrees, the native forms of administration.
The self-government which the United States permits to Indian
tribes is comparable to this. Parts of Java and of the Philippines
are so governed. Until 1915, indeed, the Sultanate of Sulu might
even have been classed as a protectorate. Further, the term "pro-
tectorate" may be simply an official misnomer; for instance, all of
the German colonies were officially designated protectorates (Schutz-
gebiete), and throughout a large part of the "Nyasaland Protector-
ate" no native government had been recognized.

The numerous regions ordinarily listed as protectorates are in-
cluded in this study, as a rule without inquiry as to the exact de-
gree of control which the protecting power exercises and without inves-
tigation as to whether the protecting power fixes the tariff rates by
treaty right or by exercise of political pressure. Many of the Native
States of India maintain their own tariffs; and it may be that else-
where, in Sarawak and Brunei, for instance, the British Government
has not exercised the determining influence in tariff matters. It can
scarcely be doubted, however, that, if these dependent governments
had wished to grant special favors to third countries, means would
have been found to prevent their doing so. In Indo-China, the Fed-
erated Malay States, and Tunis, existing tariff provisions indicate
plainly the exercise of more or less complete control by the protect-
ing country.

With protectorates may be included territories administered by
chartered companies; in the latter as in the former, international
responsibility and, in the last analysis, all final authority lies with the
mother country.

Doubtful Use of Term "Colonial."

Certain "protectorates" constitute the first of the doubtful cases
in connection with the use of the term "colony." As a state which
was previously independent falls more and more under the control of
another state, there is frequently a difference of opinion as to the time
at which it may be properly designated as a protectorate or colony.
Thus, Egypt was popularly regarded as a British "colony" before
1914, when it was not officially even a protectorate and when many
works (e. g., the Statesman's Year-Book) classified it as part of the
Turkish rather than of the British Empire. Before 1920 the Ameer
of Afghanistan was subsidized by the British Government and was
bound by treaty to carry on foreign relations only through British
agencies, and Russia had recognized this arrangement; but the
British were pledged not to interfere in the internal affairs of
Afghanistan and it was frequently classed as an independent country.
Many writers, especially European publicists, have designated Cuba,
and sometimes the Dominican Republic, Haiti, Liberia, Panama, and
Nicaragua as protectorates of the United States. But, inasmuch as

Or owed a nominal allegiance to some state which was too weak to exercise real
control. Such was Turkey's suzerainty over Egypt, Tunis, and Morocco, and China's
over Korea.
INTRODUCTION AND SUMMARY.

The United States has no control over the foreign affairs of Cuba except in relation to certain subjects and on the basis of a veto power, and as the right to interfere in Cuba's internal affairs is contingently limited and likely to be exercised rarely, if ever, and as the tariff favors given and received reciprocally between the two countries were solicited by Cuba and were negotiated, not dictated, such classification seems unwarranted. A discussion of the classification of doubtful cases does not lie within the scope of this report; only Egypt, of the countries mentioned, has been included in the account of tariff policies.

Assimilation to the mother country.—At the other extreme, difficulty is encountered in determining at what moment a territory in process of assimilation to the mother country should be said no longer to be a colony. Various criteria may be suggested for this determination: The constitutional or legislative affirmation that the territory is incorporated with the mother country; uniformity of civil and political rights and of governmental organization and fiscal system; and lastly, public opinion and the usage of writers upon the subject. These criteria are all defective; the first is formal and may be contradicted by the others; and the second, if entire uniformity be insisted upon, is too rigid, since it includes territories which are not colonies. Ireland, after a century of incorporation in the United Kingdom, has laws and a fiscal system not altogether uniform with those of Great Britain; the Isle of Man and the two Channel Islands, Jersey and Guernsey, have tariffs, revenues, and debts separate from those of the United Kingdom, and to them the laws of Parliament do not apply except by specific provision; yet these islands are not classed as colonies. Algeria, likewise, has been formally declared a part of France; French laws extend to it, unless a special exception is made; and it is administered in many respects as a part of France; yet the mass of its population is dealt with as foreign, its finances are separate and even its tariff is not absolutely uniform with that of France, and French writers give it a prominent place in discussing the French colonies. If uniformity of political rights and fiscal arrangements be not insisted upon further than representation in the national legislature, and approximate uniformity of tariffs, then some of the more distant French possessions (e.g., Guadeloupe and Reunion) are parts of France rather than colonies.

The possessions of the United States which have a "territorial" status, now only Alaska and Hawaii, are not usually regarded in the United States as "colonies," though they have only "Delegates" in Congress and are ultimately subject to Congress in the exercise of the rights of local government which have been granted to them, and they have no guaranty that they will ever attain statehood. The population of Hawaii is alien to the extent of 88 per cent; geographically, racially, and legally Algeria seems more entitled than Hawaii to be considered an integral part of the country which governs it. Porto Rico is politically less closely related to the United

17 The treaty and commercial relations between Cuba and the United States have already been described and accounted for in the United States Tariff Commission's report on "Reciprocity and Commercial Treaties" (Government Printing Office, 50 cents), and that subject will not be discussed here.

18 Compare the Portuguese colonies, which are officially styled "Overseas Provinces."

Or was until February, 1910, when about half a million natives were given the franchise.
States than is Hawaii, never having been designated a "territory." If comparison be made between Porto Rico and the French "assimilated" colonies, the latter, with their representation in the French legislature, would seem to have become more really than the former a part of the mother country.

Omitting further discussion, Algeria, Madeira, and Azores are included in this study, while Corsica, the Isle of Man and the Channel Islands, Alaska, and Hawaii receive no attention.

Self-governing Dominions.—In a class by themselves must be placed those Dominions which, without having declared their independence, have asserted the right to rank as independent for certain purposes, such as representation and participation in the League of Nations. The British self-governing Dominions, and they alone, constitute this class. Fiscal autonomy enabled these Dominions for many years to maintain protective tariffs which were in conflict both with what is generally regarded as the economic interest and with the general tariff policy of the mother country. Even the preferential tariff of Canada was, at the time when it was established, contrary to the policy of Great Britain as shown in the dependent colonies. However, these Dominions are still technically classed as colonies, and their tariff policies are dealt with in Part II of this report.

It is unwise to attempt an arbitrary or a hard and fast classification of dependencies. Official classifications are frequently out of date or euphemistic in arrangement. Treaties declarative of the protectorate relationship frequently emphasize the sovereignty of the weaker state at the moment when that sovereignty is being infringed by the stronger. Radical writers, inveighing against the acquisitive greed of the powers, frequently employ the term "colony" or "protectorate" on flimsy grounds and in an attitude of gloomy prophecy. For the purposes of this study, subtle distinctions are unnecessary and special attention need not be given to justification of individual inclusions and exclusions.

TERRITORIES HELD UNDER MANDATE OF THE LEAGUE OF NATIONS.

The territories held under the mandate of the League of Nations are clearly not "colonies" of the mandatory powers within any strict use of the term "colony." No single nation holds title to any of these territories, and the Mandatory Power administers, or assists the inhabitants to administer, a mandated territory in accordance with the principles embodied in the Covenant of the League of Nations and under the supervision of that league. The central idea is not possession but the administration of a trust. In view, however, of the inclusive sense in which the word colony is popularly used and the intimate connection between mandated territories of class C and the mandates, it has been considered warrantable to include in this study some reference to mandated territories and their tariffs.

By article 119 of the treaty of peace "Germany renounces in favor of the Principal Allied and Associated Powers all her rights and titles

20 The Porto Ricans were made American citizens in 1917. But so long as the Porto Rican does not acquire a residence in some State or travel abroad this new status has little practical effect.
21 India can not yet be put in this class in spite of representation in the League of Nations and of increasing powers of self-government. The promised "independence" of Egypt may bring her into this class rather than that of sovereign states.
over her overseas possessions." 22 The title to these territories, therefore, is vested in these powers and not in the League of Nations, 23 and these powers represented by their Supreme Council (Council of Four) allocated the mandates and ratified the division of Togo and Kamerun previously agreed upon by France and Great Britain, and of German East Africa agreed upon by Great Britain and Belgium.

Article 22 of the Covenant of the League of Nations, which forms an integral part of the peace treaty, provides for the administration of the former German colonies and of the Asiatic territories which were taken from Turkey. This article reads as follows:

Art. 22. To those colonies and territories which as a consequence of the late war have ceased to be under the sovereignty of the States which formerly governed them and which are inhabited by peoples not yet able to stand by themselves under the strenuous conditions of the modern world, there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilization and that securities for the performance of this trust should be embodied in this covenant.

The best method of giving practical effect to this principle is that the tuteurage of such peoples should be entrusted to advanced nations who by reason of their resources, their experience or their geographical position can best undertake this responsibility, and who are willing to accept it, and that this tuteurage should be exercised by them as mandatories on behalf of the league.

The character of the mandate must differ according to the stage of the development of the people, the geographical situation of the territory, its economic conditions, and other similar circumstances.

[Class A.] Certain communities formerly belonging to the Turkish Empire have reached a stage of development where their existence as independent nations can be provisionally recognized, subject to the rendering of administrative advice and assistance by a mandatory until such time as they are able to stand alone. The wishes of these communities must be a principal consideration in the selection of the mandatory.

[Class B.] Other peoples, especially those of Central Africa, are at such a stage that the mandatory must be responsible for the administration of the territory under conditions which will guarantee freedom of conscience and religion, subject only to the maintenance of public order and morals, the prohibition of abuses such as the slave trade, the arms traffic and the liquor traffic, and the prevention of the establishment of fortifications or military and naval bases and of military training of the natives for other than police purposes and the defense of territory, and will also secure equal opportunities for the trade and commerce of other members of the league.

[Class C.] There are territories, such as Southwest Africa and certain of the South Pacific Islands, which, owing to the sparseness of their population, or their small size, or their remoteness from the centers of civilization, or their geographical contiguity to the territory of the mandatory, and other circumstances, can be best administered under the laws of the mandatory as integral portions of its territory, subject to the safeguards above mentioned in the interests of the indigenous population.

In every case of mandate, the mandatory shall render to the Council an annual report in reference to the territory committed to its charge.

The degree of authority, control, or administration to be exercised by the mandatory shall, if not previously agreed upon by the members of the League, be explicitly defined in each case by the Council.

A permanent commission shall be constituted to receive and examine the annual reports of the mandatories and to advise the Council on all matters relating to the observance of the mandates.

Attention may be specially directed to three points: First, the principle is clearly recognized in article 22 that the mandated ter-

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22 The treaty with Turkey contains a similar provision relating to Turkish territories in Asia but omitting reference to Associated Powers.

23 See the appendix to Chapter IV, p. 266.
territories are to be administered primarily in the interests of the resident populations, and that the mandatories are trustees rather than possessors of the territory. Second, the mandated territories are divided into three classes, subject to separate, and in some respects very different, provisions. While the treaty does not define the territories belonging to each class, they may be tabulated as follows:

**MANDATORIES AND MANDATED TERRITORIES.**

<table>
<thead>
<tr>
<th>Class A</th>
<th>Class B</th>
<th>Class C</th>
</tr>
</thead>
<tbody>
<tr>
<td>France: Syria.</td>
<td>Part of Togo.</td>
<td>Australia:</td>
</tr>
<tr>
<td></td>
<td>Fraction of Kamerun.</td>
<td>New Guinea:</td>
</tr>
<tr>
<td></td>
<td>Belgium: Ruanda and Urundi.</td>
<td>New Zealand:</td>
</tr>
<tr>
<td></td>
<td>France: Kamerun.</td>
<td>Western Samoa.</td>
</tr>
<tr>
<td></td>
<td>Togo.</td>
<td>South-West Africa.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Caroline, Marianna, and Marshall Islands.</td>
</tr>
</tbody>
</table>

1 Formerly German East Africa, which included also Ruanda and Urundi.
2 As originally announced the mandate was to be held by the British Empire. The mandate as issued is to His Britannic Majesty, but the Governments of Great Britain, Australia, and New Zealand have reached a tentative agreement for the division of the phosphates taken from Nauru.
3 For the division of Central African territories, see the appendix to Chapter IV, p. 267.
4 The mandates are "conferred upon His Britannic Majesty to be exercised in his behalf" by the governments of the Commonwealth of Australia, the Dominion of New Zealand, and the Union of South Africa.
5 The former German colony of New Guinea, excluding Nauru and the islands north of the Equator. The territory includes Kaiser Wilhelmsland, the Bismarck Archipelago, and lesser islands.
6 The status of Yap, which is part of the Caroline group, remains unsettled.

Only in territories of class B does article 22 explicitly require the maintenance of the open door, and even in this case the benefit is guaranteed only to other members of the league. In mandated territories of class C the open door is not required by article 22, and the mandates already approved for this class makes no provision for it. In fact differential duties have been introduced in South-West Africa and Samoa, and by discriminations of other kinds Australia has effectively monopolized the trade of the territory entrusted to her control. On the other hand the drafts of the mandates for class A embody provisions for the maintenance of the open door for the benefit of members of the League of Nations. The exclusion of other states from the terms of the mandates has not so far resulted in any policies of discrimination against such states. Third, the last two paragraphs of article 22 contemplate that the members of the league, presumably acting through the assembly of the league, will define the terms of the mandates and will organize the permanent supervisory commission; but the assembly has so far taken no action upon the terms of the mandates, and those which have been approved have been approved by the council of the league. The council has also determined that the permanent commission shall be composed of nine members, including a majority from states which are not mandatory powers.

27 For further discussion of these points, see the appendix to Chapter IV, pp. 275–278.
III. Geographical and Economic Division of Colonies—Effect on Tariffs.

The political division into "dependent" colonies and "self-governing" colonies corresponds in general to the geographical division into tropical colonies and nontropical colonies and to the economic classification into plantation and settlement colonies. The latter are those in which white men can live permanently; in them the tendency toward economic and industrial development similar to that of European states and toward self-government or independence is distinctly greater than in the tropical colonies. The British self-governing Dominions afford the chief examples.\(^{25}\)

Tropical colonies, except for limited areas of high plateaus, are plantation colonies and with them may be associated various colonies at the border of the Tropics, or even in the Temperate Zone, in which nationals of the colonizing country can not settle in large numbers since a comparatively dense population was already in occupation of the territory when it became a colony. Malta, Egypt, and Korea are examples of nontropical and well-populated colonies. These nonsettlement colonies are sometimes subdivided into plantation and exploitation colonies. Since the practice of the enslavement of the natives and the seizure of the lands tilled by them has been abandoned, agricultural plantations can predominate only in the less thickly populated territories—chiefly tropical Africa, Oceania, Guiana, but also in parts of India, Ceylon, the Malay Peninsula, Indo-China, Java, and the Philippine Islands. Outside of Asia plantation colonies usually suffer from a shortage of labor, and their development has been attained by varying degrees of oppression of the natives, from slavery up.\(^{27}\) Nonsettlement colonies are, as a whole, characterized by commercial, agricultural, and industrial development, in succession and then simultaneously, by the capital and under the direction of nationals of the governing states. If the land is already well occupied, agriculture is left to the native population except for scientific experimentation and education,\(^{28}\) and the nationals of the colonizing power engage in a supervisory capacity in government, transportation, engineering, mining, and, to some extent, manufacturing.

These nonsettlement colonies, especially those properly called plantation colonies in the stricter sense, frequently produce conspicuously only one or two products, and they all export principally raw materials, most of which do not compete with products of the temperate

\(^{25}\) Other regions previously of the same type have gained their independence—the United States and the States of South America. Compare the development taking place more slowly in India, Indo-China, and northern Africa.

\(^{26}\) In the West Indies many plantations continue from slavery days and there is room for others.

\(^{27}\) See pp. 75 and 276 for the number of Asiatics who have migrated or been imported into Malaya, Oceania, and Africa. Compare recent discussions of forced labor in British East Africa and the well-known criticisms of the labor policies pursued in the Congo Free State, German Kamerun, and Portuguese Sao Thomé. Some colonies—for instance, the Gold Coast and Nigeria—are now showing how rapid may be the development of a tropical colony if the natives be given proper encouragement as proprietors rather than as peons or day laborers.

\(^{28}\) Before the war it seemed likely that the natural indigo of India would be driven from the market by synthetic indigo. Recent experiments are said to have shown that the product per acre can be increased fivefold and that, aided by greater increase of costs in Europe, natural indigo need not fear the competition of the synthetic product. A criticism has been made that the colonizing powers neglect the products for native consumption and devote their experiments unduly to cotton, rubber, cocoa, and other articles of international commerce.
zones. Even in the case of India, raw materials still constitute two-thirds of the exports, after a considerable decrease in the proportion during the war. In these colonies the whites import practically everything that they consume, including foodstuffs. The natives, according to their numbers and the degree of their civilization, import quantities of sugar, liquors, kerosene, and a certain range of other goods, particularly cotton textiles. These colonies therefore offer markets of considerable value to the industrial nations. As they are almost without industries of their own, if they have protective tariffs, these are devised for the purpose of according a market for the industries of the mother country; but even then, as the rates imposed are practically never higher than those of the tariff of the mother country, and as the differential is not always equal to the full amount of the rate, and as foreign countries are usually at less disadvantage in making contact with the market of the colony than in invading the market of the mother country, the protective tariff is not in the colony so great a barrier to trade as it is in the mother country. For instance, an identical rate of duty in the Philippines and in the United States constitutes, as an obstacle to Japanese trade, a lower barrier in the former than in the latter. Where these colonies have tariffs for revenue only, or merely moderate rates of duty such as prevail in the Italian colonies, the characteristic tariff is one of ad valorem rates, say 10 per cent, on all imports not specially exempted as necessary to the development of the colony, with higher specific rates on alcohol, beverages, and tobacco and a limited number of other articles; it contains also usually export duties, occasioned by the need of revenue in comparatively poor and undeveloped countries and by the fact that the system of monoculture makes the collection of an export duty an easy and equitable substitute for taxes on land or on the natives direct.

CHARACTERISTICS OF COLONIAL TRADE.

The significance and danger of national control of the world's raw materials was revealed by the war. These raw materials predominate in the export trade of the colonies. Upon the colonies the world is wholly dependent for certain materials, notably jute and copra, and largely dependent for many products, animal, vegetable, and mineral. Such are tea, cocoa, vanilla, spices, cinchona, camphor, and numerous oil-producing seeds and nuts; rubber, hemp, and kapok; wool, ivory, ostrich feathers, shellac, and goatskins; diamonds, graphite, tin, manganese, mica, asbestos, and phosphates. By enumerating special kinds and qualities of articles the lists might be extended almost indefinitely. Thus, though the United States produces two-thirds of the world's cotton, tire manufacturers and others imported 400,000 bales of Egyptian cotton in 1920.

The colonies, especially the minor colonies, are not self-sufficient. They produce a few staple articles rather than a variety. Therefore what they produce they must export, and what they consume they
must import. In a few cases, however, the distinction between production and exportable surplus is important. India rivals Cuba as a sugar producer, yet she imports more than she exports. Though China produces most of the world's rice, three-fourths of the quantity which passes in international trade is provided by Burma and French Indo-China. Of wool exports over one-half comes from the British Dominions. In considering the possible monopolization by a certain power or powers of the world's supply of a given article, not only the present exportable surplus but the total production and the potential production must be considered. If a given country produces one-half of the wool which it consumes and none of the rubber, and if this country finds itself confronted by a monopoly of the exportable surplus of these two articles, its position in respect of the two is obviously different.

The import trade of the colonies is characterized by the great predominance of manufactured articles. Foodstuffs, beverages, and tobacco play an important part in the trade, but perhaps on the whole not more important than in Europe; but while Great Britain, for example, imports raw materials to a value twice as great as that of the manufactured articles imported, in the colonies, even including the Dominions, the proportions are more than reversed. In the Dominions and to a lesser extent in India and some of the other colonies, manufactures are developing; but except for the Dominions and India the comparatively small size of the colonies, together with other factors, render it highly probable that their industrial development will be slow and restricted to a few lines. The colonies are therefore more dependable markets for the disposal of manufactures than are independent countries.

The export trade of different colonies of the same power in the same part of the world is often quite different, as may be seen in the British West Indies or in British West Africa; the import trade, on the other hand, in its larger features, is similar in all the colonies. Textiles (cheaper cottons, made-up clothing, sacks), machinery and tools, prepared and preserved foodstuffs (dry fish, canned meats, sugar, condensed milk), liquor and tobacco, salt, kerosene, coal (chiefly for bunker purposes), matches, soap, glassware, sheet iron, cement, leather goods, and chemical products are the principal classes of the trade. In detail the differences are naturally very great. In colonies where there are no whites except a few officers, merchants, and missionaries, the native demand determines the character of the trade and this demand may not at first extend beyond cotton piece goods, liquors, salt, and brass rods or other trinkets; but in the North African and Asiatic colonies the native demand may include almost as wide a range of articles as in the colonies settled by whites. The design and quality of textiles and the variety of machinery and implements used may vary completely from one colony to the next—

20 "Consumer" is, of course, used in the general sense and not as applied to foodstuffs alone. The statement in the text is true in its most unqualified form of the smaller plantation colonies, but even in the Gold Coast, for instance, where there are no European plantations, the natives are coming to depend upon imported foodstuffs. Various colonial governments, e.g., of the Philippines, Straits Settlements, and British Guiana, have taken special measures to insure a food supply. For the predominance of one or several products in the export trade of the colonies, see p. 317 on the British West Indies and the various tables which give the chief products exported from the Philippines, Porto Rico, Egypt, Ceylon, Java, British West Africa, and the Congo.

21 See pp. 317 and 308.
for instance, sugar mills, Kaffir hoes, automobile trucks, gold dredges, barbed wire, and sheep shears are all in demand in colonial markets, but not necessarily in the same colony. Pottery making, tanning, and wood working are practiced universally, but different parts of the colonial market import quantities of earthenware, leather, and worked wood. In Tunis, however, raw hides are an important article of import, and from some colonies there is an export trade in leather, pottery, textiles, and other articles which are generally more characteristic of the import trade.

IV. IMPORTANCE OF COLONIAL TRADE, WITH ESPECIAL REFERENCE TO THE UNITED STATES.

From the point of view of trade, the colonies may be divided roughly into three groups. The British self-governing Dominions located in the temperate regions, with energetic and highly intelligent populations and already comparatively well advanced in industries, may be put into the first group. They have a high per capita trade and their total trade constitutes more than one-third of the total trade of all colonies combined. A second group may be formed of the major colonies of Asia and of North Africa, of which by far the most important are India, Java, and Egypt. These lie for the most part in or near the Tropical Zone, and their populations, large in number and dense in distribution, consist mainly of hard-working natives, a fair proportion of whom are skilled craftsmen. Perhaps on the whole less richly endowed in natural resources, lacking machinery, and not having developed large scale organization, these colonies, thanks to the mass and the industry of their populations, maintain a trade which is in some cases as great as that of the self-governing British Dominions. The total trade of these major North African and Asiatic colonies, extending from Morocco to Korea likewise exceeded in 1913 a third of the total colonial trade.

In a third class may be grouped all minor colonies. Of these only a few, comparatively small in area, lie outside the tropics. Their populations are not large and are as a rule inferior in productive capacity. Except for some whose unimportance is due to their insignificant area, they are in the primitive stages of agricultural development and have achieved little in the way of mining or manufacturing. They have not developed adequate systems of communication. Embracing most of Africa, and scattered in various seas, particularly the western Pacific, their total trade, though they number four score and include comparatively advanced regions such as Nigeria, is less than that of the four Dominions. However, the undoubted possibilities of the vast areas included, when adequate communication

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32 Northern Australia extends into the Tropics.
33 Canada's trade in 1918-20 was $273 per capita. South Africa's per capita trade is much smaller than that of the others, due partly to the presence of the large black population. Per capita trade is not necessarily an index of prosperity: an increase in population may be accompanied by greater diversification of industries, a closer approach to self-sufficiency, and a decline in the per capita foreign trade.
34 The others are Morocco, Algeria, Ceylon, Indo-China, the Philippines, Formosa, and Korea. The total trade of these colonies in 1913 ran from Algeria's $250,000,000 to Morocco's $43,000,000. If the classification be made merely on the basis of trade (1913) Porto Rico and Dairen must be classed with these major colonies.
35 I. e., those named in the text and note above, but not including Porto Rico, Dairen, Hongkong, the Malay States, and the Straits Settlements.
shall have been provided and the labor problems have been solved, give these colonies a high potential value. Table 2 gives an indication of the relative commercial importance of the mother countries, colonies, and other regions of the world in a normal prewar year.

### Table 2.—Trade of the world, 1903 and 1913.

<table>
<thead>
<tr>
<th>Countries</th>
<th>1903</th>
<th>1913</th>
<th>Increase</th>
<th>Amount</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COLONIAL POWERS.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Great Britain</td>
<td>4,294</td>
<td>6,830</td>
<td>2,536</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>473</td>
<td>1,130</td>
<td>657</td>
<td>139</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>419</td>
<td>770</td>
<td>352</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>395</td>
<td>553</td>
<td>158</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>105</td>
<td>220</td>
<td>115</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>1,017</td>
<td>1,662</td>
<td>645</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>182</td>
<td>299</td>
<td>117</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td>Other possessions</td>
<td>463</td>
<td>1,455</td>
<td>992</td>
<td>212</td>
<td></td>
</tr>
<tr>
<td>Total Crown Colonies and India</td>
<td>1,662</td>
<td>3,484</td>
<td>1,822</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>Total British possessions</td>
<td>3,084</td>
<td>6,078</td>
<td>3,094</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>1,747</td>
<td>2,990</td>
<td>1,243</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Algiers</td>
<td>122</td>
<td>246</td>
<td>124</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>Indo-China</td>
<td>70</td>
<td>176</td>
<td>66</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>Tunis</td>
<td>30</td>
<td>62</td>
<td>32</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>French Morocco</td>
<td>11</td>
<td>43</td>
<td>32</td>
<td>298</td>
<td></td>
</tr>
<tr>
<td>Other nontropical countries</td>
<td>33</td>
<td>153</td>
<td>120</td>
<td>358</td>
<td></td>
</tr>
<tr>
<td>Total French possessions</td>
<td>316</td>
<td>629</td>
<td>313</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,694</td>
<td>2,814</td>
<td>1,120</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>Dutch East Indies</td>
<td>180</td>
<td>422</td>
<td>242</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td>Dutch West Indies</td>
<td>6</td>
<td>10</td>
<td>4</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Total Dutch possessions</td>
<td>1,815</td>
<td>4,432</td>
<td>2,616</td>
<td>133</td>
<td></td>
</tr>
<tr>
<td>United States of America</td>
<td>2,418</td>
<td>4,243</td>
<td>1,825</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>106</td>
<td>107</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Porto Rico</td>
<td>29</td>
<td>57</td>
<td>28</td>
<td>192</td>
<td></td>
</tr>
<tr>
<td>Total United States' poss.</td>
<td>390</td>
<td>675</td>
<td>285</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>35</td>
<td>113</td>
<td>78</td>
<td>229</td>
<td></td>
</tr>
<tr>
<td>Formosa and Korea</td>
<td>96</td>
<td>133</td>
<td>37</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>Daren</td>
<td>(2)</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portuguese possessions</td>
<td>97</td>
<td>134</td>
<td>37</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>675</td>
<td>1,185</td>
<td>510</td>
<td>373</td>
<td></td>
</tr>
<tr>
<td>Spanish possessions</td>
<td>354</td>
<td>433</td>
<td>179</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Belgian Congo</td>
<td>920</td>
<td>1,692</td>
<td>772</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>Spanish possessions</td>
<td>376</td>
<td>435</td>
<td>59</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>652</td>
<td>1,185</td>
<td>533</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>Eritrea and Somaliland</td>
<td>3</td>
<td>15</td>
<td>12</td>
<td>482</td>
<td></td>
</tr>
<tr>
<td>Libya</td>
<td>(3)</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other European countries</td>
<td>2,991</td>
<td>4,989</td>
<td>2,019</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>55</td>
<td>117</td>
<td>62</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>433</td>
<td>721</td>
<td>288</td>
<td>163</td>
<td></td>
</tr>
<tr>
<td>Non-tropical South America</td>
<td>336</td>
<td>1,269</td>
<td>933</td>
<td>280</td>
<td></td>
</tr>
<tr>
<td><strong>TROPICAL COUNTRIES.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>301</td>
<td>684</td>
<td>383</td>
<td>127</td>
<td></td>
</tr>
<tr>
<td>British Dominions</td>
<td>110</td>
<td>277</td>
<td>167</td>
<td>151</td>
<td></td>
</tr>
<tr>
<td>Cuba</td>
<td>108</td>
<td>305</td>
<td>197</td>
<td>87</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>1,038</td>
<td>2,223</td>
<td>1,185</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>Central America</td>
<td>48</td>
<td>101</td>
<td>53</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Persia, Siam, and Liberia</td>
<td>83</td>
<td>167</td>
<td>84</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td><strong>TOTALS.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colonial powers</td>
<td>15,209</td>
<td>25,927</td>
<td>10,717</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>British Dominions</td>
<td>1,422</td>
<td>2,674</td>
<td>1,252</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>All of the colonies</td>
<td>2,418</td>
<td>5,104</td>
<td>2,686</td>
<td>109</td>
<td></td>
</tr>
<tr>
<td>Total colonies</td>
<td>3,841</td>
<td>7,338</td>
<td>3,497</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Total colonial empire</td>
<td>19,030</td>
<td>35,764</td>
<td>16,734</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Other colonies</td>
<td>4,007</td>
<td>7,268</td>
<td>3,261</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>Other tropical countries</td>
<td>992</td>
<td>2,055</td>
<td>1,063</td>
<td>107</td>
<td></td>
</tr>
<tr>
<td>World total</td>
<td>23,592</td>
<td>42,789</td>
<td>19,207</td>
<td>79</td>
<td></td>
</tr>
</tbody>
</table>

1The trade statistics relating to the different countries and colonies can be compared only in a general way. They differ in accuracy, in methods of valuation, and in the exclusion or inclusion of Government supplies, bullion and specie, and transit trade. The percentages of increase are more directly comparable.
It will be seen from the figures that the total external trade of the colonies in 1913 was $7\frac{3}{4}$ billions of dollars, out of the world total of nearly 43 billions. The colonies other than the self-governing Dominions contributed $5\frac{1}{4}$ billions. The absolute amount of colonial trade is therefore considerable, and there are three points lending special importance to it. First, the trade of the colonies has been growing at a more rapid rate (percentage) than that of other countries. The total colonial trade was, in 1903, 16.1 per cent and, in 1913, 18.3 per cent of the world total. The colonies other than the Dominions increased their share of the total from 10.1 to 12.1 per cent. In no case did the trade of a mother country increase as rapidly as that of its colonies. The Dominions had a more rapid commercial development than did other temperate countries, and the

but the statistical methods of some of the colonies may have been changed within the decade. The figures for the British possessions other than Egypt include bullion and specie. The Dominions produce and export gold and silver, while India is a large importer of treasure; but the movement of specie into and from Egypt roughly balances, and, as it is an unusually large item (see p. 502), it has been omitted. Inclusion in the Indian figures of Government stores and treasure, whose values were practically the same in 1913 and 1918, and of reexports and overland trade, which increased less than 50 per cent in the decade, considerably reduces the percentage of growth for Indian trade. The sea-borne trade of merchandise imported for private account, and of exports, the produce of India, increased by 52 per cent in the decade before the war.

4 Years ended March 31, 1904 and 1914.
5 Throughout the table the totals and the amounts and percentages of increase have been obtained from figures carried to the nearest thousand instead of to the nearest million. Reducing or raising the figures to the nearest million introduces slight discrepancies in some of the final digits of the totals and in some of the percentages. The figures of the table may be compared with the following figures for the Dutch Colonies, carried to the nearest thousand:

<table>
<thead>
<tr>
<th></th>
<th>1903</th>
<th>1913</th>
<th>Increase.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount.</td>
<td>Per cent.</td>
<td></td>
</tr>
<tr>
<td>Dutch East Indies</td>
<td>170,897</td>
<td>422,457</td>
<td>242,560</td>
</tr>
<tr>
<td>Dutch West Indies</td>
<td>5,590</td>
<td>9,506</td>
<td>3,916</td>
</tr>
<tr>
<td>Total Dutch possessions</td>
<td>186,487</td>
<td>432,963</td>
<td>246,476</td>
</tr>
</tbody>
</table>

4 Including Guam and Samoa, whose total in both years was less than half a million: 1903, $275,000; 1913, $389,000; per cent of increase, 11.5
5 Dahren was not a Japanese colony in 1903 and trade figures were not published until the latter part of 1907.
6 1902 and 1912.
7 Figures unavailable.
8 Not an Italian colony until 1912.
9 Bulgaria, Abyssinia, and Haiti are omitted. For Colombia, the Dominican Republic, Liberia, and Montenegro, figures for other years than 1903 and 1913 have been used.
10 These figures are, or are based on, the totals of amounts in the third column and not the differences between the totals of the first two columns, i.e., they show the increase only for those colonies for which figures are available for both years, and not the increase due to territorial acquisitions.
11 The world total is the sum of the totals for the various countries; but as the same transaction is recorded in one country as export trade and in another country as import trade, evidently the world total thus arrived at shows approximately twice the value of the goods which actually cross national frontiers.

37 It is not meant to imply that the relative trade importance of colonies can be examined definitively on the basis merely of figures of gross trade, even disregarding the statistical difficulties encountered in making comparisons between trade returns compiled in different countries and by varying methods. The gross values of the trade of two colonies may be the same in amount and yet the trade of the two be utterly different in importance estimated by any other standard. For instance, among the criteria of importance are: Percentage of profit; possibilities of growth; the degree to which the products involved supply "key" industries; the proportion in which, if any, the products constitute natural monopolies. Statistics taken from a number of different countries may not have been compiled on the same basis as to values or valuations, may not possess the same degrees of accuracy, and may vary as to the grouping of items and the inclusion or exclusion of cola and bullion, government stores, and transit trade.
38 This rapidity of growth reflects the newness of many of the colonies, the extension of their railways, the establishment of plantations, and the smallness of the trade upon which the percentage is based. The rate of progress in comparison with older countries must therefore decrease, but it is probable that the trade of the colonies will gain in relative importance through several decades.
other colonies kept pace with the tropical regions of the world.\textsuperscript{39} Secondly, the imports of the colonies consist largely of manufactured articles, including prepared foodstuffs. While their trade is less than one-fifth of the total international trade, they offer a market for perhaps one-fourth of the manufactures exported by the industrial nations. Thirdly, in like manner, the colonies supply perhaps one-fourth of the raw materials which enter international trade.

If tropical products alone be considered it appears that in 1913 the trade of the tropical and subtropical colonies was twice that of the independent countries of the same latitudes.\textsuperscript{40} A comparison of the areas and populations of the independent and colonial powers of the Tropics makes it seem probable that this predominance of the colonies in supplying the world with tropical products will continue.

No figures have been collected to show the total trade of countries other than the United States with the world's colonies, but the relative importance to each of the colonial powers of the trade with its own colonies is roughly indicated in Table 3.

Table 3.—Importance of the colonial trade to the mother countries.

[Trade of each mother country with its own colonies in 1913 expressed as a percentage of its total trade.\textsuperscript{1}]

<table>
<thead>
<tr>
<th>Mother Country</th>
<th>Per cent.</th>
<th>Per cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>34</td>
<td>Spain</td>
</tr>
<tr>
<td>Portugal</td>
<td>20</td>
<td>United States</td>
</tr>
<tr>
<td>Japan</td>
<td>16</td>
<td>Belgium</td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>Germany</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10</td>
<td>Italy</td>
</tr>
</tbody>
</table>

\textsuperscript{1} The figures of the table are roughly comparable, but only roughly, for the use of percentages does not avoid all the difficulties involved in comparing the trade figures of different countries. (See Bureau of Foreign and Domestic Commerce, Miscellaneous Series No. 59, Methods of Computing Values in Foreign Trade Statistics.) The figures have not been revised to insure uniform exclusion of government stores and bullion. The figures for Japan rest partly upon an estimate and in some cases colonial figures have been used in comparison with those of the mother country.

When preferential tariff rates are extended only to goods the product of the mother country (as distinguished from goods reexported from the mother country) figures for the origin of the goods are probably fairly accurate. Otherwise the figures are apt to include reexports of products of other origin. For instance, the more careful consideration of the source, after Australia introduced her preferential tariff in 1907, reduced the imports credited to Great Britain from 62 per cent to 52 per cent of the total.

TRADE OF THE UNITED STATES WITH THE COLONIES OF THE WORLD.

The interest of American manufacturers and merchants in the differential colonial tariffs has been growing rapidly. This is true both of the import and the export trade. The statistics already presented showing the total value of colonial trade and the rapidity of its growth suggest the potential importance of colonial markets as an outlet for prepared foodstuffs and other manufactures, but their immediate significance for American trade is much decreased by the fact that so many of the colonies partially exclude it by differential import duties. More immediately to the point are the figures of Tables 4 to 7 which show (1) the extent to which the development of

\textsuperscript{39} The percentages shown in the table are 109 and 107. Though both figures are averages, the degree of accuracy present in the figures is not sufficient to justify a statement that the relative growth of colonial trade was greater than that of the independent tropical countries.

\textsuperscript{40} Including Mexico and Brazil, but excluding China,
American industry has already made our manufacturers dependent upon foreign markets for the disposal of their products and upon foreign sources for their raw materials, (2) the growth of American exports to and imports from the leading colonies, and (3) the growth in our total imports from all sources of the chief commodities of which the world derives more than half of its supplies from colonial sources.

Even before the war intervened to stimulate the process, the United States had developed steadily as an exporter of manufactured articles and an importer of raw materials. Table 4 shows the increasing percentage of raw materials in American imports since 1870.\(^{41}\)

**Table 4.—Average annual values of manufactured articles exported and of raw materials imported, excluding foodstuffs, since 1870.**

<table>
<thead>
<tr>
<th>Fiscal years ended June 30.</th>
<th>Manufactures exported.(^1)</th>
<th>Raw materials imported.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870-1879</td>
<td>$8,078,834,000</td>
<td>29.35</td>
</tr>
<tr>
<td>1880-1889</td>
<td>12,053,000,000</td>
<td>26.06</td>
</tr>
<tr>
<td>1889-1899</td>
<td>241,221,000,000</td>
<td>25.29</td>
</tr>
<tr>
<td>1890-1899</td>
<td>585,713,000,000</td>
<td>27.67</td>
</tr>
<tr>
<td>1890-1914</td>
<td>995,333,000,000</td>
<td>46.74</td>
</tr>
<tr>
<td>1910-1918</td>
<td>2,834,564,000,000</td>
<td>59.51</td>
</tr>
<tr>
<td>1919-1921</td>
<td>1,497,757,000,000</td>
<td>59.60</td>
</tr>
</tbody>
</table>

\(^1\) Manufactured articles exported include both manufactures ready for consumption and those for further use in manufacture, but the figures for raw materials imported do not include manufactures for further use in manufacture. This latter class increased from about 4.5 per cent in 1899-1905 to 19.37 per cent in 1913 and 19.57 in 1919. During the war it fell as low as 14.17 and in 1920 it was 15.28. The figures through 1914 are taken from the Annual Report of the Chief of the Bureau of Foreign and Domestic Commerce, 1916, page 8. The other figures are compiled from Commerce and Navigation of the United States, 1917, and from the Monthly Summary of the Foreign Commerce of the United States, June, 1921.

In bringing the table up to date, it has been arranged to show the abnormal rate of change during the war; but the period since the war has given no reason to expect that the steady tendency of the preceding half century will be reversed.

Table 5 shows the value of the trade of the United States with the various colonies of the world in the fiscal years 1900, 1913, and 1920. The most important colonies are shown separately and the others are grouped in political divisions. Table 6 shows the same figures in a more condensed form and grouped by geographic rather than by political divisions. The tables show that in a period of twenty years there was a tenfold increase in the value of American imports from the world’s colonies, as compared to total imports which grew 6.2 times. The exports to colonies increased, according to these figures 8.8 times, while the value of total exports was increasing only 5.8 times. Table 6 brings out the importance of Canadian trade in the total, particularly that Canada has taken half or more of our total exports to all colonies. As tropical products, however, have come to form a larger percentage of our total imports, the importance of Canada in supplying our raw materials has de-

\(^{41}\) The figures exclude foodstuffs whether raw or partly or wholly manufactured. The percentage of foodstuffs in American trade has considerably decreased. In 1870-79 foodstuffs constituted 39.41 per cent of exports and 37.68 per cent of imports. In 1910-14 these percentages had decreased to 19.78 and 23.54 per cent, respectively.
<table>
<thead>
<tr>
<th>Colones</th>
<th>1900</th>
<th>1913</th>
<th>1920</th>
</tr>
</thead>
<tbody>
<tr>
<td>from.</td>
<td>to.</td>
<td>from.</td>
<td>to.</td>
</tr>
<tr>
<td>------------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Canada</td>
<td>33,932</td>
<td>88,872</td>
<td>120,571</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>26,780</td>
<td>2,018</td>
<td>12,152</td>
</tr>
<tr>
<td>Labrador</td>
<td>5,468</td>
<td>10,854</td>
<td>42,252</td>
</tr>
<tr>
<td>Australia</td>
<td>4,383</td>
<td>9,079</td>
<td>18,391</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1,089</td>
<td>16,289</td>
<td>3,908</td>
</tr>
<tr>
<td>South Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>British India</td>
<td>35,172</td>
<td>3,907</td>
<td>38,017</td>
</tr>
<tr>
<td>Straits Settlements</td>
<td>1,331</td>
<td>8,980</td>
<td>1,244</td>
</tr>
<tr>
<td>British East Asia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>British West Asia</td>
<td>362</td>
<td>3,311</td>
<td>311,477</td>
</tr>
<tr>
<td>British Commonwealth</td>
<td>1,052</td>
<td>3,053</td>
<td>3,053</td>
</tr>
<tr>
<td>Fiji, Solomon, Tonga, etc.</td>
<td>1,331</td>
<td>1,666</td>
<td>1,653</td>
</tr>
<tr>
<td>Total British possessions</td>
<td>121,230</td>
<td>162,744</td>
<td>208,305</td>
</tr>
<tr>
<td>Porto Rico</td>
<td>3,079</td>
<td>4,640</td>
<td>40,539</td>
</tr>
<tr>
<td>Philippines</td>
<td>5,971</td>
<td>2,649</td>
<td>21,010</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>759</td>
<td>629</td>
<td>1,018</td>
</tr>
<tr>
<td>Guam</td>
<td></td>
<td></td>
<td>76</td>
</tr>
<tr>
<td>Total U.S. possessions</td>
<td>9,619</td>
<td>7,905</td>
<td>61,979</td>
</tr>
<tr>
<td>Algeria, Tunis, Senegal, etc.</td>
<td>657</td>
<td>601</td>
<td>733</td>
</tr>
<tr>
<td>Morocco</td>
<td>Not shown</td>
<td>Not shown</td>
<td></td>
</tr>
<tr>
<td>Guiana</td>
<td>183</td>
<td>2,296</td>
<td>2,185</td>
</tr>
<tr>
<td>French India</td>
<td>208</td>
<td></td>
<td>485</td>
</tr>
<tr>
<td>French Oceania</td>
<td>438</td>
<td>323</td>
<td>1,012</td>
</tr>
<tr>
<td>Madagascar</td>
<td>10</td>
<td>412</td>
<td>1,811</td>
</tr>
<tr>
<td>Total French possessions</td>
<td>1,234</td>
<td>2,278</td>
<td>2,824</td>
</tr>
<tr>
<td>Dutch East Indies</td>
<td>27,887</td>
<td>1,534</td>
<td>6,222</td>
</tr>
<tr>
<td>Dutch Guiana and Curaçao</td>
<td>1,546</td>
<td>1,076</td>
<td>1,841</td>
</tr>
<tr>
<td>Kwantung (Dairen)</td>
<td>Not shown</td>
<td></td>
<td>722</td>
</tr>
<tr>
<td>Korea</td>
<td>127</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Azores andMadeira Islands</td>
<td>19</td>
<td>414</td>
<td>324</td>
</tr>
<tr>
<td>Portuguese Africa</td>
<td>17</td>
<td>902</td>
<td>372</td>
</tr>
<tr>
<td>Canary Islands and Spanish Africa</td>
<td>23</td>
<td>239</td>
<td>154</td>
</tr>
<tr>
<td>German possessions</td>
<td>Not shown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Libya, Eritrea, and Somalia</td>
<td>14174</td>
<td>14174</td>
<td>93</td>
</tr>
<tr>
<td>Grand total</td>
<td>161,750</td>
<td>178,244</td>
<td>373,435</td>
</tr>
</tbody>
</table>

2 In 1900 exports to Tripoli (Libia) were included with exports to Egypt.
3 Malta and Cyprus contribute not over 20 per cent of the total.
4 For 1913 and 1920 Porto Rican figures for exports to the United States and imports from the United States, respectively, have been used.
5 Figures for 1913, as reported by the Governor of Guam.
6 Including St. Pierre and Miquelon. French Guiana and St. Pierre and Miquelon supplied the greater part of the imports of 1900 and 1913 but less than on-fourth of the other items.
7 The imports from the Dutch East Indies have fluctuated greatly between 1890 and 1913. The highest figure during that period was for 1900 and the lowest that for 1913. The average imports of the three fiscal years 1897-1899 were 17,149,000; for 1901-1903, 16,699,000; and for the four years 1909-1912, 14,345,000.
8 Including not over $4,000 in any year from or to Portuguese India.
9 The Spanish possessions in Africa contribute less than 5 per cent of the totals.
10 Omitting Kiaochoh. Figures for the ex-German possessions in the Pacific are not separately recorded for 1920. Their trade with the United States in 1913 was one-sixth of the total American trade with German possessions.
11 This item is for Libia only, which was not an Italian colony in 1900.
### Table 6.—Summary of the trade between the United States and the world’s colonies, 1900, 1913, and 1920.

[In millions of dollars.]

<table>
<thead>
<tr>
<th>Colonies</th>
<th>1900</th>
<th>1913</th>
<th>1920</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>38.9</td>
<td>4.70</td>
<td>88.9</td>
</tr>
<tr>
<td>Other British Dominions</td>
<td>6.5</td>
<td>0.77</td>
<td>43.0</td>
</tr>
<tr>
<td>Total Dominions</td>
<td>45.4</td>
<td>5.47</td>
<td>133.9</td>
</tr>
<tr>
<td>India</td>
<td>15.4</td>
<td>1.88</td>
<td>44.9</td>
</tr>
<tr>
<td>Ceylon, Straits Settlements, Malay States, etc.</td>
<td>27.9</td>
<td>3.38</td>
<td>3.28</td>
</tr>
<tr>
<td>Hongkong, Dairen, and Korea</td>
<td>1.3</td>
<td>0.15</td>
<td>8.6</td>
</tr>
<tr>
<td>Total Asiatic colonies, excluding Philippine Islands</td>
<td>74.6</td>
<td>8.77</td>
<td>15.0</td>
</tr>
<tr>
<td>Egypt</td>
<td>8.3</td>
<td>0.77</td>
<td>1.1</td>
</tr>
<tr>
<td>British West Africa</td>
<td>7.7</td>
<td>0.89</td>
<td>0.6</td>
</tr>
<tr>
<td>French Africa</td>
<td>6.4</td>
<td>0.78</td>
<td>0.5</td>
</tr>
<tr>
<td>Madagascar, French India, and Oceania</td>
<td>2.2</td>
<td>0.24</td>
<td>1.5</td>
</tr>
<tr>
<td>Italian, German, Belgian, Spanish, and Portuguese colonies</td>
<td>18.0</td>
<td>2.12</td>
<td>15.9</td>
</tr>
<tr>
<td>British, French, and Dutch West Indies</td>
<td>2.6</td>
<td>0.32</td>
<td>1.8</td>
</tr>
<tr>
<td>Total foreign colonies, excluding Dominions</td>
<td>105.8</td>
<td>12.41</td>
<td>36.4</td>
</tr>
<tr>
<td>United States possessions</td>
<td>9.6</td>
<td>1.13</td>
<td>7.9</td>
</tr>
<tr>
<td>Total all colonies</td>
<td>106.4</td>
<td>12.94</td>
<td>178.2</td>
</tr>
<tr>
<td>Total from all sources</td>
<td>849.9</td>
<td>1,394.5</td>
<td>1,813.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Colonies</th>
<th>1920</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Imports.</td>
</tr>
<tr>
<td></td>
<td>Value.</td>
</tr>
<tr>
<td>Canada</td>
<td>537.4</td>
</tr>
<tr>
<td>Other British Dominions</td>
<td>115.9</td>
</tr>
<tr>
<td>Total Dominions</td>
<td>653.3</td>
</tr>
<tr>
<td>India</td>
<td>170.0</td>
</tr>
<tr>
<td>Ceylon, Straits Settlements, Malay States, etc.</td>
<td>230.4</td>
</tr>
<tr>
<td>Dutch East Indies</td>
<td>95.8</td>
</tr>
<tr>
<td>Hongkong, Dairen, and Korea</td>
<td>52.7</td>
</tr>
<tr>
<td>Total Asiatic colonies, excluding Philippine Islands</td>
<td>554.2</td>
</tr>
<tr>
<td>Egypt</td>
<td>165.9</td>
</tr>
<tr>
<td>British West Africa</td>
<td>31.1</td>
</tr>
<tr>
<td>French Africa</td>
<td>4.1</td>
</tr>
<tr>
<td>Madagascar, French India, and Oceania</td>
<td>8.5</td>
</tr>
<tr>
<td>Italian, German, Belgian, Spanish, and Portuguese colonies</td>
<td>35.3</td>
</tr>
<tr>
<td>British, French, and Dutch West Indies</td>
<td>14.3</td>
</tr>
<tr>
<td>British East Africa, Malta, Aden, and British Oceania</td>
<td>758.4</td>
</tr>
<tr>
<td>Total foreign colonies, excluding Dominions</td>
<td>207.8</td>
</tr>
<tr>
<td>United States possessions</td>
<td>1,619.5</td>
</tr>
<tr>
<td>Total all colonies</td>
<td>5,388.6</td>
</tr>
</tbody>
</table>

1 The percentages were calculated from figures extending to the nearest thousand.
creased; and it may be noted also that Canada accounts for the whole decrease in the percentage of American exports to colonies in 1920 as compared to 1913.

American statistics are no exception to the rule that figures for the destination of exports and the origin of imports lack accuracy, especially in relation to the more distant and smaller colonies. This is due to the lack or inadequacy of means of direct consignment and transportation. As trade grows, however, direct communication is established with a greater number of colonial ports and the trade is recorded with a greater approximation to completeness, according to its origin or destination.

The degree of accuracy of the figures for imports from the colonies can be checked roughly by the figures for the total imports of those articles which are derived most largely from the colonies. Thus, selecting rubber, tin, Egyptian cotton, cocoa, and tea as articles produced in distant colonies, it is found that the imports of these five articles from Europe and from Canada were valued in 1900, 1913, and 1920, respectively, at $23,000,000, $87,600,000, and $103,300,000; that is, these items, if they might be regarded as derived altogether from colonial sources, would add 14 per cent, 23 per cent, and 6.4 per cent, respectively, to the recorded totals of imports from colonial sources. These percentages are certainly not excessive, for though some parts of the importations of the articles named were doubtless derived from noncolonial sources, only a small number of the colonial products have been included in the computation. An exhaustive tabulation would probably show that our total trade with the colonies as recorded in Tables 5 and 6 should be increased by, say, 20, 30, and 10 per cent, respectively, for the three years. These corrections magnify the importance of colonial trade, but reduce the rate of its growth since 1900. In like manner the figures for exports from the United States to colonial markets should be increased to account for the American manufactures reshipped from European and other entrepots to the colonies.42

If the colonies of other powers be divided into three groups—the open-door colonies, the British Dominions, and the dependent colonies enforcing discriminatory duties—it can be seen at once that the trade of the United States with either of the first two groups greatly exceeds that with its own colonies. The possibility of the growth of this trade is also much greater, for American merchants already have most of the trade of Porto Rico and the Philippine Islands, so that American trade with them can grow only as the total trade of these islands continues to develop; but if American merchants continue to have approximately an equal chance in India, Egypt, the Straits Settlements, the Dutch East Indies, Morocco, and the minor open-door colonies, they may well expect to expand their trade in a much higher ratio than that of the general development of the commerce of those countries. With the third group of colonies, which includes the British West Indies and most of the French,

42 On the other hand, corrections might be made in the figures to exclude goods imported into the United States for shipment to Canada, Canadian goods exported by way of the United States, and trade with independent countries through such colonial entrepots as Aden, Hongkong, and Dairen. In 1915 nearly 16 per cent of Canadian exports went through the United States, but in 1919 only 12 per cent. (Times Trade Supplement, Apr. 16, 1920, p. 84.)

43 See list on pp. 36-37.
Spanish, Italian, and Japanese colonies, the amount of the present American trade is given in the available statistics as much less than that with the American colonies. The published figures are, however, as already explained, incomplete and it is certain that the large territories and populations involved, if the great handicap on American trade could be removed, would offer to it a greater market than the American colonies now afford or will be able to afford in the future.

In comparing prewar and postwar values the great rise in prices must be constantly borne in mind. For this reason the percentages of Table 6, which show the development of our trade with the colonies in relation to our total trade, are more significant than are the total values. For the same reason it is desirable to examine more closely the demand of the United States for typical colonial products, since in dealing with commodities singly the quantities as well as the values may be compared.

Table 7 shows the quantities and values of the imports into the United States in the fiscal years 1900, 1913, and 1920, of the principal articles of which more than one-half of the world’s supply is derived from colonial sources. The table shows that the importation of these typical colonial products increased from 14.8 per cent of the total imports in 1900 to 19.6 per cent in 1913, and to 22.4 per cent in 1920.

A comparison of the quantities imported shows that the demand for every article on the list was greater in 1913 than in 1900, and with four minor exceptions, greater in 1920 than in 1913. In most cases the increases are very great. Taking those articles in the table whose weight is expressed in pounds and for which the weights are available for all three years, the total quantity imported is found to have increased, in millions of pounds, from 975 in 1900 to 1,505 in 1913, and to 2,945 in 1920—that is, the importation of 1920 was three times as great as in 1900 and practically twice as great as in 1913. The value of the imports listed in Table 7 was three times as great in 1920 as in 1913. In normal times this would be a striking increase, but in view of the doubling of the quantities imported and in view of the general rise of world prices the mere trebling of the total value of the articles listed undoubtedly minimizes the importance of colonial trade. The relatively small increase in value may be seen from the table to be due to the great fall in the price of rubber and to the relatively small increase in the price of certain other commodities.

The figures are not given separately for Formosa and for some other colonies of this group, but it would appear that our total trade with these colonies was in 1919 about $10,000,000 and in 1920 about $110,000,000, including in the list of colonies Cyprus and those of the British West Indies whose adoption of a preferential tariff came after the end of the fiscal year 1920.

In the case of wool alone an article has been included of which the colonies produce less than one-half of the world’s production; they produce, however, considerably more than one-half of the wool which passes in international trade.

The decreases are in coconut oil, manganese ore, graphite, and hemp. The decrease in coconut oil is much more than offset by the increase in copra; the decrease in manganese ore was due to oversupplies on hand at the end of the war.

The great fall in price was due to oversupply, caused by the rapid development of plantations in Malaya. The planters allege that the present price is considerably less than the cost of production and they tried to arrange to curtail production for the current year (1921) by as much as 50 per cent.
### Table 7.—Imports into the United States of principal articles of which more than one-half of the world’s supply is derived from colonies.

<table>
<thead>
<tr>
<th>Article</th>
<th>Unit</th>
<th>Quantity</th>
<th>Value</th>
<th>1900</th>
<th>1913</th>
<th>1920</th>
<th>Average values in cents per pound.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1900</td>
</tr>
<tr>
<td>Rubber</td>
<td>pounds</td>
<td>49.4</td>
<td>31.4</td>
<td>113.4</td>
<td>90.2</td>
<td>632.4</td>
<td>274.2</td>
</tr>
<tr>
<td>Wool</td>
<td>do</td>
<td>155.9</td>
<td>20.3</td>
<td>193.3</td>
<td>35.6</td>
<td>427.6</td>
<td>212.8</td>
</tr>
<tr>
<td>Long-staple cotton</td>
<td>do</td>
<td>67.4</td>
<td>8.0</td>
<td>121.2</td>
<td>23.0</td>
<td>345.3</td>
<td>136.9</td>
</tr>
<tr>
<td>Guayule gum</td>
<td>do</td>
<td>82.0</td>
<td>22.0</td>
<td>96.3</td>
<td>24.8</td>
<td>127.0</td>
<td>121.5</td>
</tr>
<tr>
<td>Tin</td>
<td>do</td>
<td>70.2</td>
<td>19.1</td>
<td>114.7</td>
<td>53.1</td>
<td>131.1</td>
<td>73.6</td>
</tr>
<tr>
<td>Tin ore</td>
<td>tons</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>(a)</td>
<td>3</td>
<td>18.2</td>
</tr>
<tr>
<td>Diamond ore</td>
<td>do</td>
<td>11.8</td>
<td>1.8</td>
<td>30.6</td>
<td></td>
<td>80.6</td>
<td></td>
</tr>
<tr>
<td>Cocoas</td>
<td>pounds</td>
<td>41.7</td>
<td>5.7</td>
<td>146.0</td>
<td>17.4</td>
<td>143.0</td>
<td>72.9</td>
</tr>
<tr>
<td>Coconut products:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copra</td>
<td>do</td>
<td>0.0</td>
<td>0.0</td>
<td>40.9</td>
<td>2.0</td>
<td>256.2</td>
<td>21.4</td>
</tr>
<tr>
<td>Cocosnut</td>
<td>number</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>(b)</td>
<td>8.0</td>
<td>92.0</td>
</tr>
<tr>
<td>Coconut oil</td>
<td>pounds</td>
<td>(c)</td>
<td>(c)</td>
<td>(c)</td>
<td>(c)</td>
<td>4.2</td>
<td>21.8</td>
</tr>
<tr>
<td>Tea</td>
<td>do</td>
<td>11.8</td>
<td>13.1</td>
<td>98.8</td>
<td>15.4</td>
<td>364.4</td>
<td>258.2</td>
</tr>
<tr>
<td>Shellac</td>
<td>do</td>
<td>10.6</td>
<td>1.4</td>
<td>21.9</td>
<td>3.0</td>
<td>34.2</td>
<td>22.2</td>
</tr>
<tr>
<td>Manila (hemp)</td>
<td>do</td>
<td>95.5</td>
<td>7.2</td>
<td>165.4</td>
<td>12.6</td>
<td>172.4</td>
<td>20.4</td>
</tr>
<tr>
<td>Spices</td>
<td>do</td>
<td>38.5</td>
<td>3.4</td>
<td>58.4</td>
<td>5.7</td>
<td>73.0</td>
<td>13.3</td>
</tr>
<tr>
<td>Jute, raw</td>
<td>do</td>
<td>230.0</td>
<td>4.0</td>
<td>293.9</td>
<td>9.3</td>
<td>172.9</td>
<td>0.7</td>
</tr>
<tr>
<td>Asbestos</td>
<td>do</td>
<td>(d)</td>
<td>(d)</td>
<td>(d)</td>
<td>(d)</td>
<td>1.8</td>
<td>275.1</td>
</tr>
<tr>
<td>Manganese ore</td>
<td>tons</td>
<td>3</td>
<td>2.7</td>
<td>4.4</td>
<td>2.2</td>
<td>3.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Kapok</td>
<td>do</td>
<td>(e)</td>
<td>(e)</td>
<td>(e)</td>
<td>(e)</td>
<td>5.6</td>
<td>35.9</td>
</tr>
<tr>
<td>Camphor</td>
<td>do</td>
<td>1.8</td>
<td>0.5</td>
<td>3.7</td>
<td>1.0</td>
<td>4.0</td>
<td>5.6</td>
</tr>
<tr>
<td>Ostrich feathers</td>
<td>do</td>
<td>(f)</td>
<td>(f)</td>
<td>(f)</td>
<td>(f)</td>
<td>6.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Vanilla beans</td>
<td>do</td>
<td>1.3</td>
<td>1.2</td>
<td>1.0</td>
<td>2.6</td>
<td>1.1</td>
<td>2.4</td>
</tr>
<tr>
<td>Graphite</td>
<td>do</td>
<td>46.1</td>
<td>2.3</td>
<td>56.5</td>
<td>2.0</td>
<td>46.0</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand total, imports, merchandise</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,025.7</td>
</tr>
<tr>
<td><strong>Per cent of grand total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14.8</td>
</tr>
</tbody>
</table>

1. Commerce and Navigation, 1900 and 1913: Monthly Summary of Foreign Commerce of the United States, June, 1920. The figures are those of general imports for fiscal years ending June 30. In giving values per pound fractions of a cent have been omitted where the value exceeded 10 cents.

2. Including balata, guayule gum, gutta joolatong, and gutta-percha, valued at $5,161,000 in 1920.

3. To obtain figures from which five digits could be dropped and to facilitate comparisons, tons have been changed to pounds for the items indicated.

4. None imported. Tin ore was first smelted in the United States during the war (see p. 339). Note that these figures are for total imports, regardless of source. For instance, all the tin ore comes from Bolivia, as the most important colonial sources are closed to the United States.

5. Quantities not given in returns.

6. Included in other vegetable oils, fibers, or feathers.

If a calculation be made of the value of the imports in 1920 on the basis of the prices of 1913, a figure of $856,000,000 is obtained as a total for the articles whose value per pound is given in the table for the two years, as compared with an actual value in 1920 of $1,051,000,000—that is, the increase in the total due to the higher prices of 1920 is only 23 per cent, a percentage far below that of the rise of world prices generally—and it follows, therefore, that the increase in the percentage of the total merchandise imported from 19.6 per cent in 1913 to 22.4 per cent in 1920 is not a full measure of the increased importance of these colonial products in the trade of the United States.

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1 T. e., omitting tin ore, diamonds, coconuts, managanese ore, and ostrich feathers.
V. Treaties and Other International Arrangements Imposing Limitations in Regard to Colonial Tariffs.

The various international obligations which affect or have in recent times affected the tariffs of colonies may be discussed in three groups according to their objects:

(1) *Open-door treaties.*—The so-called "open-door" treaties and agreements guarantee equality of tariff treatment, and, generally, equality in other commercial matters, as between nationals and foreigners and between national and foreign products. They may be either treaties between two or three powers or general international treaties, and they may be either limited or unlimited in respect to time. The pledges may be unilateral, bilateral, or multilateral; and the treaties may be between two or several or a considerable number of states. With these may be associated unilateral pledges, not in treaty form, to maintain the open door for certain periods of time in certain possessions.

(2) *Rate-limiting treaties.*—Certain treaties fix maximum, minimum, or uniform rates for the tariffs of two or more colonies or on one or more articles for a larger group of colonies. With these may be discussed certain treaties which limit to fixed maxima the tariffs of certain more or less independent states.

(3) *Commercial treaties of ordinary types.*—Commercial treaties or treaties of "commerce and navigation" or of "friendship, commerce, and navigation" are entered into generally by all the commercial powers. Before the war they usually contained the most-favored-nation clause. These treaties, however, by no means always include the colonies, and when the colonies are mentioned the same provisions do not always apply to them as to the mother countries; also, unless there is a special stipulation to that effect, the most-favored-nation clause does not apply to special relations between colonies and mother countries.49

The most important treaties affecting the tariffs of colonies are as follows:

**Open-door Agreements and Pledges.**

By the general act of the Conference of Berlin (1885) the European powers established in Central Africa,50 "the conventional basin of the Congo," in which there was to be freedom of navigation, freedom from transit duties and commercial equality generally. Export duties were not restricted in amount, but import duties were prohibited.51 A modification made in 1890 allowed a general import rate as high as 10 per cent ad valorem at the port of entry, and higher rates on alcohol and alcoholic beverages, to which in 1910 were added arms and munitions. The United States took a leading part at the conference, but did not ratify the treaty. A revision of this treaty (and of the Brussels treaties relating to the traffic in alcohol and arms) was contemplated in the framing of the treaties of peace by


50 See map.

51 For further information concerning this treaty, see Chapter II, p. 85.
Fold-out Place

This fold-out is being digested and will be inserted at a future date.
which Germany, Austria, and Turkey undertook to accept any such
revisions which should be agreed upon by some or all of the powers.
Such revisions were signed by several powers on September 10, 1919,
but have not yet been ratified. The revision of the general act of
Berlin provides for the continuance of the open door, but removes
the limitation of ten per cent as a maximum rate of import duty.
(See p. 121.) The act of the Algeciras Conference of 1906 and the
later treaties in regard to Morocco not only provided for the open
door in the French and Spanish spheres and in the international
zone at Tangier, but prescribed also a new maximum tariff rate.
These treaties are valid without limitation of time.
Other treaties or less formal agreements pledging the open door,
in wider or narrower terms, have also been made without time
limitations—notably the notes exchanged in 1885 between Great Britain
and Germany relative to their colonies in the Gulf of Guinea (Kamer-
un, Togo, Nigeria, and the Gold Coast); the Anglo-German decla-
rations of 1886 in regard to a great area of Oceania; the notes relating
to spheres of influence and territorial acquisition in China which
were exchanged by the powers in 1899 at the instance of Secretary
Hay; the Anglo-German-American treaty of December 2, 1899, di-
viding the Samoan Islands; and the Anglo-French treaty of 1906
for a condominium in the New Hebrides. The open door was thus
pledged for the greater part of the new colonial acquisitions after
1880, including all the German colonies except Southwest Africa.
These pledges were given at the time of the acquisition of the terri-
ory or very soon thereafter.

Other open-door pledges have been made for a limited time. Thus
the Anglo-French treaty of 1898–1899 guarantees for thirty years the
maintenance of an open door in Dahomey, the Ivory Coast, the Gold
Coast, Nigeria, and all the territory south and east of Lake Chad to 5° north and to the River Nile. The United States maintained
the open door in the Philippine Islands in accordance with the treaty
with Spain for ten years from the date of ratification (April 11, 1899);
and Japan likewise, after the annexation of Korea in 1910.

52 These bilateral agreements or exchanges of notes generally pledged the open door
specifically only for the countries concerned, but Great Britain in some cases gratuitously
made the pledge applicable to the commerce of other countries than the one with which
the agreement was being made. In all cases, however, these pledges were followed by an
open-door régime in which all countries participated regardless of whether or not their
commercial treaties entitled them to most-favored-nation treatment in the colonies of the
powers which were parties to open-door agreements. The status of these agreements, in
so far as Germany was a party to them, is now in some doubt, since by the treaty of
Versailles Germany has renounced all her rights under the Anglo-German-American treaty
of 1899 relative to Samoa and has accepted a clause by which all her bilateral conven-
tions with any of the allied and associated powers have lapsed except such as the said
power gives notice of its desire to maintain. No notice has been given of the desire of
France or Great Britain to revive any of these open-door agreements, and perhaps,
therefore, the British pledges made to all the world but embodied only in the agreements
with Germany have now lapsed.

53 The longest time which elapsed was in the case of the Fiji Islands, which were put
under British protection in 1874 and included in the declarations exchanged with Ger-
many in 1886. The chief territories acquired in this period for which there were no
open-door pledges were Indo-China, Burma, the Malay States, Italian Eritrea and Libya,
and the French extensions of territory in North Africa and Somaliland.

54 See p. 216. This line of northern limit was the limit of the conventional basin of the
Congo, so that this treaty added to the open-door territory the territories between the
geographical basin of the Congo and Lake Chad.

55 The negotiators in behalf of the United States declared that it was the policy of the
United States to maintain the open door; the treaty guaranteed only to Spanish trade the
same treatment as was accorded to American trade.

185766 22  3
pledged the open door and the maintenance of the previous Korean tariff for a period of ten years.

TREATIES LIMITING RATES.

Several agreements for uniform tariff schedules for certain colonies have expired, namely, for Dahomey and Togo (1887); for Togo and the part of the Gold Coast east of the River Volta (1894–1904); that for the Congo, French Congo, and Portuguese Congo (1892–1910); and for British and German East Africa and Italian Somalia (1892–1905). The three Brussels' treaties of 1890, 1899, and 1906 prescribed minimum rates of duty upon alcoholic beverages throughout all the territory in Africa between 22° south and 20° north, including parts or all of over a score of colonies belonging to seven different powers. In 1919 a revision of this treaty was signed at Saint-Germain-en-Laye and an even larger territory was made subject to its provision. The four agreements named successively higher rates as the minimum, concluding with 800 francs per hectoliter of pure alcohol.

Somewhat different are the treaties by which the states of northern Africa and southern Asia, from Morocco to China, have agreed to limit their tariff rates to certain maxima. These provisions, together with the pledge to give most-favored-nation treatment to the various powers, are of importance in cases where parts of these territories fall into the possession of colonial powers. The open door was guaranteed in this manner in Tunis at the time of the establishing of the French protectorate, and it was not until 1898 that the French obtained relatively a free hand there. In the same way for decades before the conference of Algeciras the treaties of Morocco with various powers entitled them to a limitation of import duties to 10 per cent and to equality of treatment in Morocco. In Egypt the general rate of 8 per cent established under the Turkish régime is still maintained. Similarly, in parts of China "leased" by the various powers the tariffs are limited, at least for a certain period, by the restrictions imposed long since by treaty in respect to the tariff of China. If Turkey and Persia fall under the sway of European powers, it may be expected, on the basis of their treaties with other countries, that the open door will be maintained.

55 This treaty has apparently been ratified only by France. The status of the Brussels treaty after 1916 was not clear. The conventions of 1899 and 1906 were supplementary acts subsidiary to the treaty of 1890 and contain little else than revisions of the minimum rate. The convention of 1906 was to be in effect for ten years, but its intent is clearly that after the expiration of that period the rate should be reconsidered and not that the treaty should lapse. In any event after the end of the prescribed ten years the colonial powers continued to increase rather than decrease the duties upon alcoholic beverages through their African colonies.

57 The object is to hinder the sale to the natives. The Brussels conferences also recommended the prohibition of the sale of liquor to natives in areas where they had not already become accustomed to its use. This recommendation has been put in force through large areas both within and without the limits to which the treaty applies. By the Brussels treaties and certain other agreements upon the sale of arms to the natives have also been agreed upon.

58 And not until 1919 did they denounce the treaty which contained the last restriction, which in practice operated somewhat in the same way as an open-door provision—the limitation to 5 per cent ad valorem of the rate on cotton textiles from the British Empire. As in similar cases noted above, this rate was applied to foreign cottons generally.
INTRODUCTION AND SUMMARY.

GENERAL COMMERCIAL TREATIES.

The treaties of commerce and navigation which regulate the intercourse of nations may be divided into four classes in respect of their inclusion or exclusion of provisions relating to the colonies.

(1) Many commercial treaties, even when both contracting parties are colonial powers, make no reference to the colonies, or mention them only to exclude them from the scope of the convention. To this class belong some of the French treaties and most of those of the United States (which has concluded only four general commercial treaties since the acquisition of the Philippines and Porto Rico), and of Germany, Spain, Italy, and Belgium (whose colony was acquired in 1908).

(2) Other commercial treaties make a sweeping inclusion of the colonies, in some cases by using such expressions as "throughout their territories and possessions." Some of the oldest British treaties belong to this class. The French tariff law of 1892 granted the right to the minimum tariff in the assimilated colonies to all countries which by treaty were entitled to that tariff in France, so that a group of French treaties which did not specifically mention the colonies were of practical effect in them. (These French treaties have been denounced.) Some treaties, for instance the Spanish-American treaty of 1902,58 contain stipulations relative to customs duties, tonnage dues, and treatment of vessels in the ports of the countries making the agreement, but in other clauses of the same treaty relating, e. g., to rights of residence, either use such expressions as "throughout all parts of the territories," or "in the States, territories, and dominions."

(3) Other treaties again provide either that some or all of the colonies of one of the powers concerned may withdraw from the convention, or, where the colonies had not originally been included within its scope, that they might become parties thereto, and in some cases that they might thereafter separately withdraw. Most of the British treaties made since 1881 contain one or other of these provisions. Some of these treaties provide that the British colonies even without adhering to the treaty shall continue to enjoy most-favored-nation treatment in the ports of the other contracting party so long as the colonies continue to grant most-favored-nation treatment. A few of the French treaties also provide that the provisions of the treaty should become applicable to such colonies as the French Government may designate.

(4) A few commercial treaties mention the colonies for the purpose of making special provisions for them. The majority of the Portuguese treaties provide that colonial products reexported from the mother country shall receive the same treatment as Portuguese products. The treaty with France, however, limited 60 this concession to the products of certain colonies. The treaty between Portugal and Italy provides for most-favored-nation treatment of the products of the colonies of one country in the market of the other country, but explicitly withholds the like right in regard to the

60 The treaty has been denounced.
colonial markets. The treaty between Italy and Egypt excludes Eritrea from its provisions. In its reciprocity treaty with the United States, Cuba explicitly withholds any preferential reduction of duty upon American tobacco and that of the American insular possessions. Several treaties made by Great Britain and the Netherlands in the first half of the nineteenth century contain various special provisions in regard to trade with their colonies, most of them more restrictive than the policies now in force.

With the general commercial treaties may be considered certain special treaties or agreements made by the mother countries, or by accredited representatives in the colonies, on behalf of one or more colonies. Such are various treaties made on behalf of India or Egypt. Earlier illustrations—of agreements which have now expired—were the reciprocity arrangements between the United States and Spanish or British colonies in the West Indies; the treaties providing for free trade between Togo and its neighbors, that regulating the intercourse of Eritrea and Egypt, and a group of Franco-British treaties made on behalf of various British colonies. Some of these treaties, it will be seen, concerned intercolonial relations exclusively. Conventions of this description which are still in force are the Mozambique-Transvaal arrangement and the numerous intercolonial reciprocity agreements to which the British Dominions and the British West Indies are parties.

The treaties which by their terms regulate trade with the colonies deal with the treatment to be accorded (1) in one country to the products of the colonies of the other or (1a) to such products when reexported from the mother country, or (2) in the colonies of one country to the products of the other country, or (3) in the colonies of one country to the products of the colonies of the other. The general treaties of commerce of most of the colonial powers deal chiefly with (1); those of Portugal generally include (1–a); the French treaties recently terminated either explicitly or by construction belonged under (2), and some of the more recent treaties of Japan (e. g., the treaty of 1911 with the United States) include (2) and (3). The French legislation by which certain American products have enjoyed in France the minimum or intermediate tariff rates, extends the same treatment to products of Porto Rico. On the whole the commercial treaties of the colonial powers deal much more with the customs and tonnage duties and other commercial regulations to be enforced in national ports and markets by the citizens and the products, both of a given foreign country and of its colonies, than they do with the similar rights to be enjoyed in the colonies.

The content of the commercial treaties in so far as they regulate the import trade of the colonies does not differ markedly from the content as applicable to the mother country. The most-favored-nation clause is found in a large part of them in connection with the customs duties, tonnage, and other navigation dues, and a wide range of provisions in regard to commerce, residence, taxation and property. When the treaty deals with the colonial markets separately

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61 This treaty is being continued temporarily in force.
62 This legislation was the result of negotiations carried on in 1910, which were never published as a definite international agreement.
the clause usually reads: "the most-favored foreign nation," making it clear that special treatment, e. g., preferential tariffs, may be accorded to the mother country. But even when the word foreign is not inserted, the most-favored-nation clause is interpreted in the same way, and the general commercial treaties now in force between the colonial powers do not accord the open door in the colonial markets. Open-door provisions are confined to (1) commercial treaties made by states formerly independent but now protectorates, or (2) political treaties between the powers—peace treaties or those making settlement of territorial questions. The general commercial treaties usually reserve the coasting trade of the mother country to national vessels, and in case the treaty deals with the subject, the coasting trade of the colonies is usually likewise restricted to national vessels; but a few treaties stipulate that a part or all of the intercolonial trade and that between the mother country and the colonies shall remain open to foreign vessels.

VI. FEATURES OF COLONIAL TARIFF POLICIES—SUMMARY.

POLITICAL.

In considering colonial tariff policies, the first and most fundamental distinction of which account must be taken is of a political rather than of an economic character: It is based on the difference in location of the tariff making authority. This authority lies primarily either with the home government or with the administration of the colonies individually. Complete fiscal control has been granted only to the self-governing Dominions of the British Empire. That the British self-governing Dominions at present all impose protective duties and grant preferential rates to a part or to all of the British Empire is significant but incidental: The fundamental fact is that they are free to determine their own tariff policies; in regard to them Great Britain can be said to have had in recent decades only a negative tariff policy.

In respect to all the other British colonies and to all the colonies of other powers, tariff policies are in greater or less degrees subject to the control of the home governments. Not alone the policy, but even the rates, may be prescribed by the national legislative assembly (assimilated colonies); or by royal decree (Spanish colonies); or they may be determined locally subject to vetoes (Philippines, some British Crown colonies); or subject to general restrictions, such as that the preference to the home country shall not be less than a certain amount (Portuguese colonies, charter of Rhodesia) or subject

63 Or they are renewals or revisions of such treaties made after the establishment of the protectorate, e. g., the treaties of Egypt and those relating to Morocco. Compare the treaty, United States-Tonga, denounced in 1920 by Great Britain, which now holds a protectorate over that group.
64 The treaty of Berlin, 1885, was officially unrelated to territorial questions, but nevertheless the connection was intimate. The treaty of 1904, which provided for freedom of transit across certain British and French colonies into Egypt and Morocco, respectively, was part of the general settlement of all outstanding questions which inaugurated the entente cordiale between Great Britain and France.
65 Except Newfoundland.
66 The policy has been not to interfere further than to see to it that the Dominions observed such most-favored-nation treaties as were binding upon them as part of the Empire, and that they did not discriminate against the United Kingdom; and further, the policy was, until 1919, to grant no preferential rates to colonial products.
to restrictions imposed upon the mother country by treaty pledges; or they may be promulgated by a governor who is subject to orders from the colonial office (Italian colonies and many of the British Crown colonies).

**ECONOMIC.**

In recent decades conflicts of public opinion over tariff policies have dealt almost exclusively with the range and the rates of import duties—the question of adopting protection or of increasing or decreasing its extent. In this respect, as in others, the British self-governing Dominions have shown their resemblance to independent nations rather than to dependencies. But in these Dominions and in Great Britain for the last score of years a second question—though it was frequently rather another phase of the same question—has divided the attention of those who concerned themselves with tariff policies, namely, the question of the extent to which and the conditions under which preferential rates should be granted to the products of other portions of the empire. The center of the controversy has been the tariff relations between Great Britain and the Dominions; and as both mother country and the Dominions have consistently refused to consider their tariff relations a matter for bargaining, the discussion in each territory has dealt simply with the import duties to be imposed in its jurisdiction. In the Dominions and Great Britain, as in other mother countries, the tariff policy relative to the dependent colonies has received comparatively little attention; it has been the affair of legislative committees, of the colonial ministry, and of colonial societies, rather than of public opinion.

While metropolitan (national) tariff policies deal almost exclusively with the range and rates of import duty, colonial tariff policies must give consideration to: First, the import duties imposed in the colonies; second, the export duties commonly employed in the colonies; and, third, the duties, if any, imposed on colonial products in the home market. Minor features, important in some cases, are the duties on intercolonial trade, transit duties, shipping restrictions, and additional or supplementary duties such as octrois and municipal taxes. The French *octrois de mer* and other consumption duties are relatively important, and considerable attention will be given them in the chapter of this report which deals with the Colonial Tariff Policy of France. The scope of this report does not require attention to municipal taxes collected in single ports or to pilotage and other minor fees, but in a number of places these have been referred to in so far as they contain preferential features. Transportation restrictions directly connected with tariffs, such as the limitation of preferential rates to merchandise transported in national ships or to goods transported directly have, of course, been given attention.

**TYPES OF COLONIAL TARIFF POLICIES.**

Current practices disclose the prevalence of three types of tariff policy: The policy of tariff assimilation, the policy of preferential

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67 This is not true of the relations of the Dominions among themselves.
tariff treatment without tariff assimilation, and the policy of the "open door." These may be distinguished primarily according to the treatment accorded to national as compared with or contrasted with foreign products seeking to enter the colonial market. At a later point all the various elements of the colonial tariff policies will be taken up more in detail under headings respectively appropriate. (See pp. 43-70.)

(1) Policy of tariff assimilation.—When the rates of duty of the tariff of the mother country are enforced also in the colony, the trade between these two units being free; that is, where mother country and colony form essentially a customs union, the tariff policy which prevails is that of assimilation. Typical instances appear in the practice of France, in that of the United States in reference to Porto Rico, and in that of Japan in Formosa. In the tariffs of these countries the schedules of duties are framed primarily for the purpose of protecting the domestic manufacturer in the home market; and these schedules are extended to the colonies for the purpose of holding the colonial market for the producers of the mother country. Conditions in the colonies may be utterly different from those in the mother country, but colonial interests have little or no direct representation in the national legislatures and the cover of the blanket of protection is not apt to be extended to them. In some cases, however, the national legislature imposes duties for the special benefit of colonial products. Such, for instance, is the French duty on rice. 68

Free entry of national products into the market of the colony has its logical concomitant in free entry of colonial products into the mother country. This reciprocal favor granted by the mother country is, however, not ordinarily an equivalent favor. Colonial products are chiefly raw materials, and raw materials usually enter importing countries free or at low rates of duty. Hence colonial products usually meet small barriers or none in foreign countries, and are protected in the market of the mother country by small duties or none. Consequently, free entry to this market is not as valuable to the colonial products as is free entry to the protected markets of the colonies to the industrial products of the mother country. There are, however, certain important commodities which are largely exported by various colonies—for instance, sugar, coffee, tobacco, and cocoa—which are usually taxed by the mother country for revenue purposes, and their free admission may give to such colonial products a decided advantage. 69

But the advantage may be of almost negligible proportions, even though the differential be considerable. These products are world staples, with well-established grades, qualities, and prices; the import duties upon them are normally charged to the consumers, and the benefit which a differential affords to the colonist is not great—except for the important assurance of favorable treatment in a known market—unless the market of the mother country can absorb

68 Again, the protective tariff of the mother country may contribute to building up an industry in the colony also—thus, the French tariff treatment of textiles and the growth of the cotton industry in Indo-China.

69 Contrariwise, fiscal considerations may prevent the granting of the colonial product of the entire remission of the duty, as in France, especially before 1914, or as in the preferential rates of the United Kingdom. On the other hand, these duties are frequently sufficiently high so that a partial remission constitutes an effective preference.
the whole colonial product and more. For, if the buyers for the home market have to pay the open-market price plus the higher duty on the part of the supply they can afford to pay the same total price to the colonists, assuming an equality of freight and other costs. Unless there is a combination among these buyers, the price in the colonial market under these conditions is likely to go close to the world price plus the differential. If, however, the colonists can sell only a part of their product in the home market, the ruling price for all of it will be close to the world price, less the freight to the dominant market.

(2) Preferential tariff policy.—The largest tariff preferences, which are granted at the present time, are found in the trade between countries and their assimilated colonies. Assimilation is, therefore, the most extreme preferential policy, but for convenience the use of the terms preferential policy and preferential or differential tariffs is here restricted to those tariff systems in which tariff assimilation is absent, but lesser degrees of tariff favors are granted. A preferential tariff system in this narrower usage may then be defined as one in which the mother country and the colony have differential tariffs and in which there is partial or entire exemption from duty for the trade in one or both directions. Occasionally rates adopted in the tariff of a colony are higher than those in the mother country, but except in the case of the colonies of free-trade Great Britain such higher rates are found only sporadically and on a few items. Occasionally also the rates on certain articles are the same either through coincidence or by design. Normally, however, the rates are lower than, and are imposed without reference to, those of the mother countries.

The existing preferential tariffs may be divided into two types: Those of the British Dominions and those of a considerable number of dependent colonies—the Philippines, various British Colonies, and the colonies of Italy, Spain, and Portugal. The British Dominions are industrial nations pursuing protective-tariff policies and levying high rates of duty upon manufactured goods. These rates are fixed in reference to all competition, including that of Great Britain and the sister Dominions, but there are higher schedules of duties levied upon non-British goods. This represents the actual method of arriving at the rates, but the tariff schedules may have the form of levying certain rates on goods of non-British origin, and granting certain reductions or specified lower rates to British products. Upon a comparatively small number of items dutiable at relatively low rates the differential reduction takes the form of free admission. Generally, however, the base rates are relatively high and the preference is a minor fraction of the rate, from one-fourth to one-half.

70 But see note on p. 72.
71 Usually in application to commodities for which the colonial tariff has not a detailed classification and to which as a class there is assigned a rate higher than the lowest rate applied in the mother country to the poorer qualities—the differences being recognized in classification—of the same class.
72 In the Philippines and in some of the French colonies some articles have been made dutiable at the same rates as in the mother country to prevent attempts at evading the metropolitan (national) duty by importation by way of the colony.
73 See footnote on p. 713 for the difference in the character of the preferences which Canada grants to Great Britain and to the British West Indies.
74 Except in the earlier grants of preferential rates by Canada to Great Britain, where the preference was designed to operate as a general reduction of duties.
75 Or of colonies which do not enjoy preferential treatment; the preferences are not in all cases given to all parts of the Empire. (See pp. 53, 54.)
The mother countries, except Great Britain, have protective tariffs, but the rates in the tariffs of their dependent colonies are levied more largely for revenue and range generally from about 10 to 20 per cent. The differential in favor of the mother country is usually, outside of the British Colonies, the whole or the major part of the duty. Preferences in the colonial market are usually accompanied by preferences to colonial products in the home market, but the extent of the two is by no means always comparable. The United States grants free entry to the products of the Philippines, but Portugal gives Angola the benefit of but 50 per cent reduction compared with a preference in the latter of 90 per cent, and Italy has so far given Libya no tariff favors whatever.

(3) The "open-door" policy.—It may be that in the tariff of a colony no distinction is made between the products of the mother country and those of other countries. The policy there prevailing is that of the "open door." The principle of the open door is not to be confused with free trade; it implies simply equal terms of entry for all. In an open-door régime a tariff may be devised either with a view to protection of local industry—as was the case in the self-governing Dominions before preferences were granted—or for revenue only, which is the usual case. The rates in open-door tariffs are usually lower than those in either the assimilated or the preferential systems. The colonies of the Netherlands and of Belgium and the majority of the British Crown Colonies have, as all the German colonies had, low rates and no discriminations against foreign trade. Reciprocally, the countries named had granted no favors in the home market to the colonial products until in 1919 Great Britain granted preferential rates upon the limited tariff schedule of the United Kingdom. Where the open door is maintained as an exception from the general national policy, as in the Canary Islands and Spanish Morocco, American Samoa, and some of the French colonies, these colonies receive certain favors in the mother country.

"Free trade" in the strict sense implies absence or approximate absence of any duties. A free-trade régime prevailed in Central Africa before 1890 (though there were export duties) and in India as late as 1894, but it now persists only in a few small areas where the transit trade is predominant—for instance, in Aden, the Straits Settlements, Djibuti, and Melilla. The term "free trade" is fre-

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76 It may be expressed as a specified part or percentage of it or by separate rates on various items.

77 Colonial tariff policy of Denmark.—Since the sale of her West Indian Islands and the grant of independence to Iceland, Denmark possesses only the Faroe Islands and Greenland. (Iceland, though it has been "independent" since Dec. 1, 1918, recognizes the King of Denmark as sovereign and conducts its foreign affairs through Denmark.) It has not been thought advisable to include in this report a study of the colonial tariff policy relative to these colonies. It may be said, however, that before the recent diminution of the Danish Empire the earlier discriminations against foreign products had disappeared from the colonial tariffs, but they continued in the tariff of the mother country. Danish shipping received certain favors in the Virgin Islands up to the time of their sale to the United States, but the colonial government was authorized to extend, under certain circumstances, these favors to foreign vessels. Sugar and liquors manufactured in the Danish West Indies from products of those islands paid in Denmark only the amount of internal tax, with a deduction equal to the export duty paid in the West Indies, but not exceeding 5 per cent. Other products or manufactures thereof from these islands paid two-thirds of the usual duty. Articles manufactured from the raw materials of the remaining colonies continue to enter Denmark free by special provision of the tariff law. Denmark levies few duties upon raw materials and apparently none that affects imports from these colonies; e.g., the only duty on fish is levied on salmon, trout, sardines, and spiced anchovies.

78 With two exceptions among the French colonies.
quently used loosely in reference to open-door régimes—that is, régimes whose characteristic feature is not absence of duties but absence of differentials. The usage is due partly to the prevalence of low revenue rates in open-door colonies.

The open door with moderate duties is found in some colonies of countries whose prevailing policy is assimilation or preference—France, Portugal, Spain, and the United States—and in the leased territories of Japan. The exceptions are made because of treaty or similar obligations, or for other reasons. (See p. 42.) Such treaty provisions or obligations are described elsewhere in this section under the heading "Treaties and other international arrangements imposing limitations in regard to colonial tariffs." (See p. 26.)

**NATIONAL POLICIES AND COLONIAL TARIFFS.**

At this point the tariff policy of each colonial power may be summarized briefly. As is seen in Table 8, the colonies of the Netherlands and Belgium are, and those of Germany were, all open-door colonies, as are also the majority of the British dependent colonies. The countries which pursue a policy of assimilation—free trade between the colonies and the mother country and in both the same tariff against outsiders—are France, Japan, and the United States (in Porto Rico): while Spain, Portugal, Italy, and the British Dominions pursue a preferential policy without going so far as free trade between the colonies and the mother country. The British Dominions alone systematically levy protective duties against products of the mother country. It will be observed from the table that all except Germany, Belgium, and the Netherlands have colonies where by exception, for reasons indicated and discussed below, the national policy is not put in force.

**Table 8.—Colonies classified according to import tariff system.**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Assimilated.</th>
<th>Preferential.</th>
<th>Open Door.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td></td>
<td></td>
<td>Belgian Congo.</td>
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<tr>
<td></td>
<td>Tunis.¹</td>
<td>Guinea.</td>
<td>French West Africa:</td>
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<tr>
<td></td>
<td>Martinique.</td>
<td></td>
<td>French India.</td>
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<td></td>
<td>Guadeloupe.</td>
<td></td>
<td>French Equatorial Africa.</td>
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<tr>
<td></td>
<td>New Caledonia.</td>
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<td>New Hebrides.²</td>
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<td>French Guiana.</td>
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<td></td>
<td>Gaboon.</td>
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<tr>
<td>Germany (former)</td>
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<td>German East Africa.⁴</td>
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<td></td>
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<td></td>
<td>German Southwest Africa.</td>
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<td>Kamerun.</td>
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<td>Togo.</td>
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<td>German Samoa.</td>
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<td>New Guinea.</td>
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<td>Kinshasa (leased territory).</td>
</tr>
</tbody>
</table>

¹ Differential export duties.
² One or two items of differential export duty.
³ Anglo-French Condominium.
⁴ Now named Tanganyika.

Longer summaries will be found in Section III of the chapters devoted to the dependent colonies of the different countries, and in the final sections of the chapters of Part II.
### Table 8.—Colonies, etc.—Continued.

<table>
<thead>
<tr>
<th>Countries</th>
<th>Assimilated</th>
<th>Preferential</th>
<th>Open door</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>Dominions:</td>
<td>British India, 2 Newfoundland, (Under Australia;)</td>
<td>British India, 2 Newfoundland, (Under Australia;)</td>
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<tr>
<td></td>
<td>Canada, Australia, New Zealand, Norfolk Islands, South African Customs Union—Union of South Africa, Rhodesia, Basutoland, Bechuanaland.</td>
<td>Papua,</td>
<td>Papua,</td>
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<tr>
<td></td>
<td>Colonies:</td>
<td>Colonies in Asia:</td>
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<td></td>
<td>Italy</td>
<td>Eritrea, Somalia, 1 Libya.</td>
<td>Eritrea, Somalia, 1 Libya.</td>
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<td></td>
<td>Japan</td>
<td>Formosa, or Taiwan, Saghalin, or Karafuto, Korea, or Chosen.</td>
<td>Formosa, or Taiwan, Saghalin, or Karafuto, Korea, or Chosen.</td>
</tr>
<tr>
<td></td>
<td>The Netherlands</td>
<td>Mozambique, 1 Angola, 1 Cape Verde Islands, 1 Portuguese India, Timor, Sao Thomé and Principe, 1 Portuguese Guinea.</td>
<td>Mozambique, 1 Angola, 1 Cape Verde Islands, 1 Portuguese India, Timor, Sao Thomé and Principe, 1 Portuguese Guinea.</td>
</tr>
<tr>
<td></td>
<td>Portugal</td>
<td>Fernando Po, 1 Spanish Guinea, Rio de Oro, Philippines, Virgin Islands, Guam.</td>
<td>Fernando Po, 1 Spanish Guinea, Rio de Oro, Philippines, Virgin Islands, Guam.</td>
</tr>
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<td></td>
<td>Spain</td>
<td>Canary Islands, Spanish Morocco.</td>
<td>Canary Islands, Spanish Morocco.</td>
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</table>

1 Also differential export duties.
2 One or two items of differential export duty.
3 In relation to New Zealand, the Cook Islands constitute an assimilated colony.
4 Northeastern Rhodesia lies within the basin of the Congo and maintains the open door in accordance with the general act of the Conference of Berlin, 1885. The rest of Rhodesia has greater preferences than the other territories in the South African Customs Union.
5 Formerly British-East Africa.
The Netherlands, Belgium, and Germany.—The Netherlands since 1874, and Belgium and Germany since they became colonial powers have maintained in all their colonies the open door and low or moderate tariffs for revenue only. They have made no exceptions to the rule that no direct tariff favors were to be enjoyed either in import or export duties either in the colonies or in the mother country. In all three cases, however, a great share of the trade of the colonies has remained with the mother country. 80

Great Britain.—Between 1860 and 1919 Great Britain maintained the open door in India and in the Crown Colonies generally, with either free trade or low tariffs for revenue only. In this period no British dependent colony had a general system of preferential rates, 81 but ten of the West Indian tariff schedules already contained preferential rates upon a fairly extensive but by no means complete list of Canadian and British goods. 82 Previous to 1919 there was also a preferential export duty upon tin ore exported from the four Federated Malay States. Beginning with September, 1919, the British market has given a special preference to colonial imports, and this may be described as a general system of preference since it extends to all of the articles dutiable under the British tariff; but it must be noted that the British tariff before the war was limited to sugar, cocoa, coffee, tea, tobacco, liquors, dried fruit, gasoline, and a few lesser items, and that only a very few manufactured articles were added during the war. The British Government accepted this preferential principle as applicable to the whole Empire and during 1919–1921 there has been a considerable extension of differential tariffs in the dependent colonies. In these years complete preferential import schedules have been adopted or extended by all the tariff divisions of the West Indies except Bermuda, and the amount of the preferentials has been increased; a complete system of preferences has been introduced in Cyprus; and differential export duties have been imposed upon raw hides and skins exported from India, upon palm kernels exported from Nigeria, the Gold Coast, Sierra Leone, and Gambia, and upon tin ore exported from Nigeria. There are thus, in addition to the self-governing Dominions and the possessions dependent upon or intimately associated with them, 25 tariff jurisdictions among the British Crown Colonies, including India, which now have more or less extensive differential duties—16 (Cyprus and 15 in the West Indies) have more or less complete schedules of differential import duties, and 9 (4 Federated Malay States, 4

80 This has been due to various factors, of which the most tangible are: For the Netherlands, the domination established before the trade was thrown open, shipping subsidies, the reservation of the colonial coasting trade to national vessels, and the remnants of the "culture system"; for Germany, certain shipping restrictions, as well as subsidies; and for the Belgian Congo, a practical monopoly of trade by the State (abandoned after Belgium took over the colony from King Leopold) established by means of land legislation, the taxation system, and other instrumentalities.

81 The only exceptions were the South African dependencies, which are outside of the self-governing Union of South Africa, but within the South African Customs Union, and the Cook Islands, governed by New Zealand. British possessions in South Africa have the preferential tariff of the South African Customs Union, with the exception of Rhodesia, part of which lies within the basin of the Congo where treaty provisions require the open door, and the rest of which is subject to the provisions of the charter of Rhodesia, which limits the rates leviable upon British goods and thus in effect requires preferences greater than those of the Union. These possessions are treated in this report as dependencies of the Dominions rather than as Crown Colonies of Great Britain, since with the partial exception of Rhodesia their tariff policy is determined by the Dominions. But see Chapter on South Africa, p. 743.

82 These rates were the result of the negotiations with Canada in 1912. The list contained 47 items and the reductions were generally 20 per cent of the duty ordinarily levied.
West African colonies, and India) have differential export duties upon not more than two articles each. But since only about 5 per cent of the total trade of the British Crown Colonies is affected by these differential duties (see pp. 369, 370), the open door is still the policy prevailing in the dependencies of Great Britain.

The self-governing Dominions.—The four great self-governing Dominions—Canada, Australia, New Zealand, and South Africa—pursue tariff policies which are more characteristic of nations than of dependent colonies. These Dominions are industrial nations systematically seeking the development and diversification of local industries. By the use of tariff walls they reserve their markets to domestic manufacturers and producers. Seeing in the tariff an instrument of domestic political and economic policy, they have extended its use to the larger field of imperial and international affairs. Since the sentiment for drawing the Empire more closely together may be utilized either in favor of a reduction of duties upon British products or in favor of an increase of the duties on foreign products, statesmen of the Dominions have frequently found the preferential tariff a useful means of popularizing changes which they desired to make in the general level of tariff rates. These facts explain in a broad way the adoption of preferential tariff policies in the self-governing Dominions a dozen to twenty years earlier than in free-trade Great Britain.

As already mentioned, the type of preferential tariff found in the Dominions is peculiar to them. It is distinguished from the preferential schedules of the dependent colonies in that the base rates are high protective duties instead of moderate protective duties or revenue rates and in that the differentials granted constitute a minor rather than a major fraction of the base rate. Upon a relatively small number of items, rarely dutiable at more than 10 per cent, the differential reduction takes the form of free admission. Generally, however, the base rates run from 20 to 50 per cent, and the preference is a minor fraction of the rate, usually from one-fourth to one-half, and amounts to from 5 to 20 per cent ad valorem.

The preferential schedules of the self-governing Dominions are applicable primarily to products of the United Kingdom. To a limited extent they are extended also to the products of the other Dominions, and to the rest of the Empire, but there is no uniformity in this matter. Between 1898 and 1907 all the Dominions adopted preferences in favor of Great Britain. This was done without bargaining on the subject and without receiving any reciprocal favor until 1919. In 1903, when New Zealand introduced her preferential rates, she made them immediately applicable to the whole British Empire, and all increases in her differentials made since that date

83 Throughout this discussion the Dominions do not include Newfoundland, which has no preferential tariff.
84 The rates applied in the preferential-tariff colonies to raise revenue and to give partial protection to the industry of the mother country.
85 In New Zealand a dozen articles dutiable at 20 per cent are on the Empire free list. In Canada in 1919–1920, after the repeal of the war tax on imperial products and before its repeal on other products, the British free list was composed largely of articles otherwise dutiable at 7½ per cent, but a few items had rates even higher than 20 per cent. In South Africa and Australia articles ordinarily dutiable at not more than 5 per cent and 5 per cent, respectively, are on the British free list.
86 And see p. 524 for the insignificance of the advantages to be derived by the Dominions from the preferential schedules adopted in Great Britain in 1919.
87 I. e., in the voluntary and one-sided preferences. Her reciprocity agreement with South Africa conceded certain rates not granted to other British possessions.
have had an equally wide field of operation. The other three Dominions have granted tariff favors to sister Dominions only after negotiations and special concessions, and as the negotiators have frequently failed either to agree among themselves or to satisfy the legislative bodies whose ratification of the agreement was necessary, the network of preferential agreements among the Dominions is by no means complete. The British Crown Colonies and India have been regularly included in the preferential legislation of New Zealand, but in Canada the preferential rates were extended to the dependent colonies only gradually between 1898 and 1913, while South Africa and Australia have granted to those colonies no favors.

Italy.—Italy maintains colonial tariffs with low rates of duty but otherwise with large preferences to national goods. Italian goods enter Eritrea practically free and receive a preference in Somalia which is especially effective on cottons—the chief article of trade. In Libia there is a preference by the process of undervaluing Italian goods to the extent of about 50 per cent, and certain open preferences on textiles and sugar. The export duties of Eritrea are insignificant and those of Libia very low and neither colony has differentials in these duties; in Somalia a few of the chief items of export have differential duties. Somalia offers special rates to certain products of Eritrea. The preferences in Italy to colonial goods are very limited, though the tendency is to increase them.

Spain.—Spain is by tradition among the countries which restrict their colonial trade by preferential tariffs. Differential rates are granted to the chief colonial products when they enter Spain in Spanish ships; and in both the import and export schedules of Fernando Po preferences are granted to the mother country. The importance of Spanish preferences, however, was much diminished in 1898–99 by the loss of Cuba and Porto Rico and the sale of the Spanish colonies in the Pacific. Spain had long maintained the open door in the Canary Islands (except for preferentials given to cocoa and coffee of Fernando Po) and with the recognition of her possession of a part of Morocco (in which the maintenance of the open door is required by treaty), the greater part of her colonies became open-door colonies. But in 1914 a preference was granted to Spanish sugar in the Canary Islands.

Portugal.—Portugal applies most thoroughly in her colonies the principle of preferential tariffs, but without going so far as tariff assimilation. At the same time there is less uniformity in the Portuguese system, and there are more exceptions required to any generalization that may be attempted than in reference to the other colonial systems. Generally speaking, however, there are duties on all imports both in Portugal and in the colonies and on all exports from the colonies, and in all these duties there are differential rates in favor of Portuguese or colonial goods or in favor of Portuguese ships. Colonial products, except a few more favorably treated, pay in Portugal, if transported in Portuguese vessels, only one-half of the usual rates, and a law of 1914 prescribes that in the colonies the

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88 Except that Canada responded to New Zealand’s free extension of her preferential schedule to the products of Canada by a like free extension of her preferential schedules to the products of New Zealand. (See p. 695 for the extension of Canada’s preferential rates to products of sister colonies not Dominions.)

89 See under the heading Intercolonial trade, p. 58.
preferences to Portuguese products transported in Portuguese vessels shall not be less than 50 per cent. This is now the preference in Portuguese India, and in Portuguese Guinea, and on many articles in Mozambique, but in the other colonies the old differentials of 80 and 90 per cent generally prevail. Macao is a free port, and in that part of Angola which lies within the conventional basin of the Congo the open door is maintained. A peculiar feature of the Portuguese system is that foreign goods “reexported” from Portugal receive in the colonies a 20 per cent reduction in the colonial duties. These reexported goods pay in Portugal certain fees, but not the Portuguese tariff, and this is frequently the most convenient way of getting articles into the colonial market.

France.—France adopted in 1892 tariff assimilation as its prevailing policy. This régime is applied to Algeria, Indo-China, Tunis, Madagascar, and five less important colonies, though the tariff of Tunis is not fully assimilated to that of France. These assimilated colonies enjoy free trade with France, except that colonial sugar and pepper pay duties, though at a much lower rate than similar foreign products, and except that the colonies have certain additional duties not called customs duties, which are collected on imports from France as well as on those from foreign countries. This assimilation of the tariff rates, however, is not absolute, and each colony has a list of exceptions based on the local needs. The articles listed come in free or at lower duties than the French tariff. In some of the nonassimilated colonies—for instance, West Africa and Oceania—there are special tariffs, lower than the French, giving preferences to French goods; and in other colonies the open door is maintained either by treaty, as in Morocco, Dahomey, and the Ivory Coast, or by policy, as in French Somaliland and French India. In Morocco, however, the open door is guaranteed by treaty only in the seaports, and imports and exports overland from and to Algeria and the Spanish city of Melilla are dutiable at much smaller rates than in the seaports. The general tendency is to develop closer relations with the nonassimilated colonies by granting increased preferences to their products on entry into France. Intercolonial free trade is the rule for all the French colonies, with the exception of Tunis.

Japan.—In 1909 Japan applied the policy of tariff assimilation to her colonial possessions, which were at that time Formosa, the Pescadores, and Sakhalin. In the following year, when Korea was annexed, the open door was pledged therein for 10 years, and the assimilation of its tariff followed immediately upon the expiration of this period—August, 1920. A few items of Japan’s tariff had earlier been changed to give a preference to products of Korea. Overland trade between Korea and Manchuria, if carried by rail, enjoys special reductions in the import and export tariffs of China. In the territories leased from China—Kiaochow and Kwangtung—the Chinese maritime customs are in force, except that a part of the port in Kiaochow and the whole of Kwangtung constitute free areas, so that in the latter only merchandise in transit through the territory

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60 Trade between France and Tunis is not entirely free.
61 France also has a few consumption duties which fall equally on goods of all origins.
62 A very few have higher rates.
is dutiable. Products of these territories are subject in Japan to the
minimum tariff rates; that is, those of the conventional tariff. In a
word, Japan’s policy is entire tariff assimilation of her colonial pos-
sessions, except that free admission to Japan is not granted to the
products of the leased territories in which Japan’s tariff cannot be
enforced because of treaty obligations.

United States.—The United States pursues the policy of preferen-
tial trade relations with its colonies. American products enter free
in all the insular possessions, 84 except only Samoa, where the in-
definite maintenance of the open door is guaranteed by treaty. Like-
wise, from all the insular possessions 84 local products enter the
United States free. The rates of the United States tariff are in force
in Porto Rico, but the Philippines, Virgin Islands, Guam, and Samoa
have individual tariffs. The rates are fairly high for the Philippine
Islands. In the Virgin Islands the tariff of the Danish régime is
temporarily continued in force. No export duties are levied in the
insular possessions other than the Virgin Islands, and there they are
uniform regardless of the destination of the products.

REASONS FOR EXCEPTIONS TO NATIONAL POLICIES.

The countries which pursue a general policy either of assimilation
or of preference make various exceptions to their general practice.
Some of these have not been traced to their causes, but the reasons for
most of them are sufficiently obvious. These reasons may be classified
under four headings: International relations, geographical influence,
fiscal demands, and the interest of the consumer. In the first two of
these are found the explanations of the widest variations from policy,
namely, in the cases of the open-door and special tariff colonies among
the powers which pursue a more restrictive policy. In reference to
the larger areas, the explanation lies usually in the requirements of
treaty or similar obligations; 85 in the smaller areas, geographical
and communication features are usually the determining factors. 86
If national goods obtain a monopoly, more or less complete, of a
colonial market by reason of free entry there, it is obvious that little
or no revenue will be derived from customs. Accordingly, fiscal needs
have led to the imposition of uniform consumption duties upon im-
ports into the French assimilated colonies, and in other cases the
needs of the treasury have made impossible reductions in the duties
on national goods in colonial markets 87 or on colonial products in
the home market. 88

Policies of assimilation naturally tend to the prevalence of compar-
avatively high import duties. But the interest of the consumer and
the need for developing the colonial resources have forced exceptions
by way of lower rates or by extensions of the free list in all the col-
onies in which any degree whatever of “tariff personality” is allowed.

84 According to the agreement of 1904 with Panama the United States levies no customs
duties in the Canal Zone, and according to an opinion of the Attorney General the Canal
Zone is not an American possession within the meaning of the tariff act of 1909. There-
fore, its products when imported into the United States are dutiable as foreign products.
85 For instance, in French India, Timor, St. Pierre and Miquelon, French Oceania.
86 For instance, in French India, Timor, St. Pierre and Miquelon, French Oceania.
87 For instance, in French India, Timor, St. Pierre and Miquelon, French Oceania.
88 For instance, France.
These lower rates mean smaller preferences if the products of the mother country enter free or at fixed percentage of the usual duty, while the placing of an article on the free list abolishes the preference entirely. With the establishing of specific duties or of different preferences on different articles the differential is sometimes increased even though the duty be lowered.

VII. RATES AND PREFERENCES IN COLONIAL IMPORT DUTIES—COMPARATIVE SUMMARY.

Enumerated above, the different features of colonial tariff policy—import duties in colonies, export duties in colonies, treatment of colonial products in the home markets, intercolonial trade, navigation restrictions, and finally discriminations by means other than tariff preferences—may now be referred to in succession, with the object of instituting comparisons between the different colonial tariff systems.

METHODS OF COMPARISON.

Comparisons of the amount of discrimination involved in the preferential features of colonial tariff systems can be made only with difficulty. Four methods of comparison may be used: (1) In some cases the average rate of duty collected upon all imports or upon dutiable merchandise from the mother country and from foreign countries can be derived from the trade and customs statistics; (2) for all preferential tariff schedules (except for the relatively few cases in which both specific and ad valorem rates are levied upon the same article) the amount of the preference upon each classification can be expressed as a fraction or percentage of the full duty, and a summary statement can be made of the fractions most frequently found in the tariff schedules; (3) to the extent to which ad valorem rates prevail in the schedules of various colonies the amount of each preference can be expressed as a percentage of the value of the merchandise, and these preferences may be summarized in general statements; (4) where specific rates prevail (and in other cases after the labor of converting ad valorem to specific rates on the basis of the average prices for a certain period) the preferences on particular items may be expressed in dollars or cents per pound, yard, gallon, or other unit of measurement, but generalizations from these specific preferences are difficult.

The first three of the above methods are seriously defective, and the fourth is suited to detailed studies of particular articles rather than to general comparisons of the tariff systems of a hundred colonies. The first method is useful in comparing revenue tariffs, but misleading in comparing preferential or protective tariffs. The highest rates, resulting in the general exclusion of foreign goods, may show the lowest average rates of duty upon those foreign products which actually enter a country or colony. The second method

69 Difficulties arise from the complexity and diversity of schedules, from the use of both specific and ad valorem rates, and from the necessity of coordinating the tariff rates, both with the trade figures to determine the relative importance of different items and with production figures to determine the extent to which they are protective rather than revenue duties. And see the next paragraph for the effect of duties so high as to exclude the trade of foreign countries.
of comparison is defective, since it is obvious that a fraction of a high
duty may be as effective a differential as the remission of the whole
of a lower duty. For instance, in the Philippine Islands American
printing paper enjoys a remission of the whole duty of 10 per cent ad
valorem; in Australia British paper enjoys preferences (according to
the subdivisions of the classification) of one-half of 10 per cent (or
5 per cent ad valorem), two-thirds of 15 per cent (or 10 per cent ad
valorem), and two-fifths of 25 per cent (or 10 per cent ad valorem).
Evidently in this case the preference expressed by the fraction two-
fifths is greater than that expressed by the fraction one-half; evi-
dently also on an ad valorem basis both the preferences expressed by
the fractions two-thirds and two-fifths are as great as the preferen-
tial remission of the whole of the duty in the Philippine Islands.\(^\text{100}\)

While this method of comparison thus yields only very general
results, it has the advantage that it can be used both for specific and
ad valorem rates, and by a study of the tariff schedules alone; it has
been used, accordingly, in the following paragraphs. The third
method of comparison is less defective, but is useless for a direct
comparison between, for instance, typical British and French colonial
tariffs. Further, no statement of the amount of a preference, whether
expressed by a fraction of the full rate or on an ad valorem basis, or
as a specific rate, is of more than relative significance without an
examination of the ability of the mother country to compete in the
article or articles in question. Especially in the case of ad valorem
preferences whose amount changes with changes of price, a given
rate may exclude foreign trade at one time and not at another; it
may be prohibitive on some articles and in some colonies and prove a
negligible barrier to the trade of foreign countries in other articles
or in other colonies. A differential consisting of one-third of a low
rate may be almost negligible; of a higher rate may be prohibitive;
and of a still higher rate may be superfluous—even the preferential
rate may be a prohibitive protective tariff, as is sometimes the case
in the British Dominions.

These general observations upon methods of comparison are in-
tended to warn the reader against attaching an unwarranted signifi-
cance to the comparisons which follow.

OPEN-DOOR COLONIES—NETHERLANDS, BELGIAN, GERMAN, MOST BRITISH CROWN
COLONIES.

In reference to rates and preferences in import duties, the tariffs of
the open-door colonies require little attention. They contain no pref-
ences and the variations in their rates are not important. The rates
are, as a rule, not protective,\(^\text{101}\) but are adjusted to bring in revenue.

\(^\text{100}\) The equivalence is not exact, because the valuation in the Philippine Islands is that
at the port of origin, while in Australia it is that of the port of origin increased by 10
per cent. The Australian rates cited are those of 1920.

\(^\text{101}\) There are some exceptions, for instance, the recent Indian import duty on cottons
and the export duty on raw hides and skins. British Guiana, Jamaica, Trinidad, the
Windward and the Leeward Islands levied duties on coffee, cocoa, and sugar even before
the war had increased the demand for revenue, and in some of them the protective force
of these duties was reinforced by export duties on the raw product. All of them, how-
ever, imported refined sugar, and only Barbados and St. Vincent exported it. The rates
on coffee and cocoon were as high as 6 cents a pound, and on sugar 3 cents a pound for
refined and 13 for raw (British Honduras), but usually they were much less. It will be
observed that these protective duties preceded the grant of preferential rates to Canada
and Great Britain, so that these were at that time open-door colonies. But see p. 321 in
reference to Jamaican coffee.
Social and fiscal considerations determine what articles shall be left free and which shall be most highly taxed. Usually alcoholic liquors (if admitted) are subjected to high duties, while agricultural, industrial, and mining equipment, necessary for the development of the country, is left free; and the general mass of consumption goods is subjected to rates ranging between 7½ and 15 per cent ad valorem. There are not infrequently found, even in colonies where the home government is meeting annually a deficit in the colonial budget, rates of duty not exceeding 10 per cent. The high rates on liquors are offset by excise duties; the low rates on other commodities offer little protection for the encouragement of local industries. The rates are not high enough to interfere seriously with consumption and the maintenance of the open door renders the tariff without influence on the direction of trade.

ASSIMILATED AND PREFERENTIAL COLONIES.

The assimilated and preferential colonies have tariffs designed to affect the course of trade, and the rates and the amount of the preference in their tariffs are matters of importance. The amount of the preferences may be described either relatively or absolutely—that is, a statement may either give the fraction or percentage of reduction of duty enjoyed by national products or may name the amount (specific or ad valorem) of the two charges respectively or of the differential, i. e., of the difference between them. Employing first the relative method, that of fractions or percentages, the situation may be taken account of briefly as follows:

United States and Japan.—The colonies 102 of the United States and Japan give to national products a preference to the full extent of the duties levied in the colonies. In Porto Rico and the Japanese colonies the rates are those of the metropolitan tariff. In the Philippines they are lower, and in Guam and the Virgin Islands still lower.

France.—In the assimilated colonies of France there are found by exception some import duties lower than those of the metropolitan tariff, and there are moreover additional duties—under other names—which fall on French and on foreign goods alike, so that the differential in some cases falls considerably below 100 per cent of the total charges paid. To illustrate: If an article pays a customs duty of 10 francs and an octroi of 2.5 francs, the total paid on the foreign product amounts to 12.5 francs while that paid on the French product is 2.5 francs. The preference on this article is therefore an 80 per cent differential. If the additional duty were 10 francs, the total payments would amount to 20 francs and 10 francs, respectively, and the preference would be a 50 per cent differential. These additional duties differ widely in the different colonies, falling in some on only a few articles, in others on more, and in still others on nearly all. The rates vary widely, sometimes exceeding the amount of the customs duty, though more frequently they are much less. Taking all the import charges together, the differential in favor of French goods probably runs from 50 to 80 per cent, and even higher, in the different assimilated colonies.

102 Excluding Samoa and Japan’s leased territories.
In the preferential colonies of France, the tariffs of Senegal and Guinea contain a differential in favor of French imports which amounts to seven-twelfths (58.3 per cent) of the duty upon articles not enumerated, and this may be taken roughly as the characteristic rate. The numerous classifications of textiles have specific duties with preferences on the whole somewhat greater than the fraction named. Other important articles (dutiable at higher rates) have differentials relatively smaller—on liquors, ceramics, sugar, salt, mineral oils, arms, and powders the differentials are from one-eighth to one-half. In the complicated schedules of Oceania the widest diversity exists, but the most characteristic rates are 12 per cent upon French products with 8, 10, or 13 per cent additional on foreign goods, so that the differential is from two-fifths to a little more than one-half of the total charges collected. In their preferential colonies, therefore, the French give to their own products differentials which scarcely exceed one-half of the total charges levied; and the difference between the assimilated colonies and the preferential colonies is both in the percentage of the preferences and in the height of the rates upon which the differentials are reckoned.

In the colonies of those countries which do not pursue a policy of assimilation, there is greater diversity both as between different systems and within the colonies of single powers.

Portugal.—Except for the preferential colonies of the United States, where the preference is one hundred per cent of the duty, the percentage of preference on national goods is highest in the Portuguese colonies: In Mozambique, Guinea, and Portuguese India, 50 per cent; in the Cape Verde Islands, 80 per cent; and in the other preferential colonies, 90 per cent. In Mozambique, however, there are many items specifically scheduled on which the preferential is much greater than 50 per cent, as is also that on wine in Portuguese India. Some of the differentials on wine and tobacco exceed 90 per cent, and on the whole that figure may be taken as the characteristic Portuguese preference.

Spain.—In Fernando Po and Guinea the general preference is one-third of the 15 per cent duty—that is, Spanish goods in Spanish ships pay only 10 per cent ad valorem. But on textiles, ready-made clothing, boots and shoes, coal, jewelry, and wines other than sparkling, the preference is the whole of the specific duties. Other alcoholic beverages receive no preference, while on beer, powder, arms, tobacco, and petroleum the preference is from 50 to 80 per cent. Considering the comparative importance of these enumerated articles on which the preference is 50 to 80 or 100 per cent, the average preference in this colony can scarcely be estimated at less than 50 per cent. Spanish Morocco and the Canary Islands are under the open-door régime, but the latter has had since 1914 a differential duty of more than 2 cents per pound in favor of Spanish sugar.

Italy.—The Italian colonies must be treated individually. In Eritrea, Italian goods pay at the rate of only 1 per cent; foreign goods pay, as a rule, 8 per cent, with 10 per cent on cottons and 15 per cent on linen, sugar, and oils. The preferences thus range from 87 1/2 to 93 3/4 per cent. In Somalia the preference amounts to 93 1/2 per cent on articles not enumerated, and ranges from 33 1/2 to 90 per cent
on enumerated commodities, except that there is no preference\(^{103}\) on arms, tanned skins, leather goods, mats, sesame oils, and manufactures of wood. Seventy per cent may be considered the characteristic preferential rate.\(^{104}\) In the tariff of Libia there are fewer varieties of preference, but it is not easy to determine or define what are the amounts. The only open preferences are those on textiles and on sugar, which commodities pay preferential specific surtaxes in addition to the uniform 8 per cent ad valorem duty. As the specific surtax remains a fixed sum and as the ad valorem duty, of course, varies in amount with variation in the price of the commodities, it is obvious that with an increase in price the relative importance of the surtax in making up the total of the charges will decrease. At the time when the preferential was imposed, the preference on Italian sugar was roughly one-half of the total duty on the foreign product, while that on textiles was perhaps, generally speaking, less than one-third. The rise in prices since 1914 decreased the relative proportions. There is also a concealed preference, indefinite in amount but apparently approximating 50 per cent on many classes of Italian goods, granted by means of undervaluation at the customs. Making a rough generalization, it may be said that the Italians grant Italian products a preference of about 90 per cent in Eritrea, 70 per cent in Somalia, and about 50 per cent in the much more important colony of Libia.

**British Crown Colonies.**—The general rates of preference in the West Indies are simple fractions of the duties ordinarily levied: In Trinidad, Guiana, Barbados, one-half; in British Honduras, the five Leeward and the three Windward Islands, one-third; and in Jamaica and the Bahamas, one-fourth.\(^{105}\) In Cyprus the reduction to products of the Empire is two-fifths, one-third, or one-sixth. Thus minor fractions characterize the preferential tariffs of the British dependent colonies, in contrast to the larger differentials found in preferential tariffs of the colonies of other countries. (For Fiji see p. 371.)

**British Dominions.**—Of the four great self-governing Dominions, South Africa grants the smallest preferences to products of Great Britain and the sister Dominions. The tariff schedule contains 30-odd items upon which the duties are specific, and on these the preference ranges from one-fifth to one-thirteenth of the full rate. Ad valorem rates of 15, 20, and 25 per cent are levied on a great number of manufactured articles, and upon these the preference is 3 per cent ad valorem, or from one-fifth to one-eighth of the full duty. There is also a long list of articles—74 items—which are dutiable at 3 per cent, if of foreign origin, but free under the preferential schedule. On the other hand there is a list of 54 items which enter entirely free, and upon which there is, therefore, no preference.

In Canada the rate of preference to British goods has been somewhat altered from the one-third at which it was placed in 1900, but the departures from this fraction are not wide; the preference rises to

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\(^{103}\) The nonpreferential items pay 10 per cent regardless of origin; both the duty and the absence of preference are for the protection of native industry.

\(^{104}\) This is the rate on cottons, which make up one-half of the total imports. The differential on spices is 35\% per cent; otherwise the smallest is 50 per cent.

\(^{105}\) The fractions named are those specified in the agreement of 1920 with Canada, except that the Bahamas, in ratifying the agreement, voluntarily increased the preference from one-tenth to one-fourth.
one-half only upon a few items dutiable at 5 and 10 per cent, respectively, in the two schedules.\textsuperscript{106} and on a number of items it is only one-fifth. A considerable number of articles have no preference, since they are free from all sources, or, less frequently, they have only one rate. The articles free from Great Britain but dutiable from other sources are very few and dutiable at only 5 or 10 per cent.\textsuperscript{107}

In Australia the preferences upon articles dutiable at ad valorem rates are very similar to those of Canada. In a few cases the preference amounts to one-half, but usually it is two-fifths, one-third, or one-fourth, except for some items otherwise dutiable at 5, 10, or even 15 per cent, which are free under the preferential schedule. Upon items dutiable at specific rates the same and similar fractions prevail; but, e.g., upon brandy, gin, and rum the preference is one shilling per gallon, which comes to only one twenty-eighth to one-thirtieth of the duty levied upon the foreign product; upon cigars the preference is one-eleventh; and on cigarettes, one twenty-second. On other tobacco, sugar, and many miscellaneous items there is no preference. (Rates and differentials have been further increased in 1921.)

New Zealand has less extensive schedules than Australia and lower rates. The preferential reduction found most frequently is one-third, but there are a few exceptions where the preference is as high as two-thirds, and a greater number in which it is a fraction smaller than one-third. On the other hand, there are a larger number of items than in Canada or Australia upon which the ordinary duty is 10 or even 20 per cent and which are admitted free from the British Empire. (But see p. 778 for tariff of Nov. 3, 1921.)

Outside of South Africa, where the preferences are much smaller, the characteristic preference of the Dominions is evidently one-third, with the entire remission of duty on a small number of items dutiable chiefly at low rates.

The fraction one-third is less characteristic of the preferences found in certain British Crown Colonies, but it is characteristic of the differentials introduced in 1919 in the tariff of the United Kingdom, and while the chancellor of the exchequer, Austen Chamberlain, was not then "propounding the general tariff policy" of the country, he stated that one-third was "what I may call the general Empire rate, so far as a general Empire rate exists."

\textbf{Absolute Amount of Preferences.}

Up to this point the amounts of the preferences have been referred to in terms of fractions or percentages of the rates of duty on foreign products. By this criterion the preferences of the United States and Japan rank easily first, as these countries maintain in their assimilated and preferential colonies differentials of the whole of the charges levied. After them, in descending order, come the colonies of Portugal, France, Italy, Spain, the British Dominions, and the British Crown Colonies. This method of indicating and comparing the amounts of the preferences is comparatively the easier.

\textsuperscript{106} There is one item dutiable at rates of 15 and 30 per cent.

\textsuperscript{107} Except that certain vessels, and the bags, barrels, or other containers in which salt is imported, are dutiable at 25 per cent if of foreign origin. Wines are dutiable at uniform specific rates, but there is an additional duty of 30 per cent ad valorem on foreign wines. South African wines pay only 25 cents a gallon.
but consideration based on determination of the absolute amounts of the preferences is much more important. But it should be noted that a small differential on a standard commodity—for instance, sugar or cheap cottons—is of much greater consequence than is a differential of like amount or percentage on less standardized goods such as machinery, ready-made clothing, and large classes of manufactured articles of types wherein articles of widely varying prices compete with each other. Fashions are of some importance, even in Africa, though it is generally understood that the natives of Africa, India, and Oceania show less discrimination in regard to quality and pay more conclusive attention to price than do purchasers in America and Europe. Again, where the preferences differ for different articles it may be found that some even of the largest have actually no effect on trade, for the reason that even with this advantage the industries of the mother country are not in position to compete, or that, on the contrary, foreign competition is nonexistent—as might be shown by comparison with neighboring neutral markets. In other words, even a general comparison of the absolute amounts of the preferences gives only rough results. For an accurate determination of the effects of differential tariffs, a historical trade study, item by item, would be necessary.

Without undertaking a detailed comparison of the height of the schedules in the various colonial tariff systems, it appears that on the basis of the absolute amounts of preference the order in which the systems have been ranked above would have to be somewhat changed. The United States, Japan, and France all have high protective tariffs, and, with some exceptions in the French colonies, the rates of their national tariffs apply in their assimilated colonies. The French tariff rates are higher than those of the Portuguese colonies, where most of the rates range from 5 to 20 per cent, so that the absolute amount of the preference is considerably greater in the French assimilated colonies than in the Portuguese, where, moreover, the preference is less than the whole amount of the duty. The greatest absolute preferences are found, therefore, in assimilated colonies, and in regard to them the preferences granted by France, Japan, and the United States would rank in the same order as that in which their national tariffs would fall if arranged according to the height of their rates, respectively.

Among the preferential colonies (as distinguished from the assimilated) the Philippine Islands have apparently the highest rates of duty, and as the preference there is the whole amount of the duty the differentials are obviously greater than those which prevail in the British Dominions or in the colonies of Italy, Spain, Portugal, and Great Britain. The British Dominions also have high rates of duty; of the rates found with some frequency in their schedules the maxima are 25 per cent in South Africa, 35 per cent in Canada, 37½ per cent in New Zealand, and 45 per cent in Australia. In the Australian tariff of 1920, out of 583 differential items, the differential on 367 items is 10 per cent and on 136 items 15 per cent ad valorem. Assuming an equivalence of the items, the average differential comes to about 11.5 per cent. The Canadian and New Zealand

109 The charges levied under names other than customs duties lessen the figure for the percentage of preference accorded in general to French products but do not affect the absolute amount of that preference.

110 Practically the only higher ad valorem rates are those on spirits.
preferentials, which average about one-third of the full duties on the preferential items, probably average under rather than over 10 per cent ad valorem. The Italian colonies appear to have duties lower on the whole than those of the Spanish colonies of Fernando Po and Guinea, whence it is a question whether the larger percentage of the preference in the former is as important as the smaller percentage in the latter.

The various rates of the different Italian and Portuguese colonies are hard to compare, but the Portuguese reach higher maxima, and as their differentials average higher in proportion their preferences are probably higher than those of Italy. The British Crown Colonies, in which the differentials are only one-fourth to one-half of the moderate rates of duties, have evidently the smallest discriminations in favor of the mother country. On the basis of the absolute height of the differentials it would appear that the assimilated colonies of France, Japan, and the United States should be grouped, followed in descending order by the Philippine Islands, then by the Portuguese preferential colonies, the British Dominions, the preferential colonies of Italy and Spain, and finally by those British Crown Colonies which employ preferential tariffs.

VIII. Rates and Preferences in Colonial Export Duties—Summary.

Before the war export duties had been generally dropped from European fiscal systems. They are forbidden by the Constitution of the United States, and those which were inherited from the Spanish régime in the Philippines were abolished in 1913 and are now forbidden by the organic law of August, 1916. Japan abolished the Korean export duties in 1919. Many of the older British Crown colonies and Dominions have no such duties, and there are other exceptions, but otherwise export duties are found as a regular part of the European colonial system. There was a tendency for these duties to disappear with the development of the colonies, but the financial requirements of the war interrupted this tendency, and led to the restoration of a considerable number of export duties and to increases in the rates of others.

Purposes.

Export duties on raw materials have a protective effect upon the industries using those materials somewhat the same as the effect of import duties levied upon the competitive finished products. In very few cases, however, does it appear probable that protection for local industry was an object in imposing export duties in colonies. Export duties are frequently laid upon articles where there is no further industrial process to be protected; for instance, on bananas, tea, and polished rice. They are frequently laid without distinction upon articles in different stages of manufacture; for instance, hides, raw or tanner.

The only export duties in the American colonial system are those of the Virgin Islands. Their rates have been continued temporarily from the Danish régime, except that on sugar, which has been raised.

But see p. 445.

In the German colonies, particularly German East Africa, care seems to have been taken that the duties should have no protective effect. The rate of 15 per cent on ivory on horns, and on some shells, hides, and skins was imposed also upon articles manufactured from these materials, and the specific or smaller ad valorem rates on sugar cane, woods, matweed, and palm leaves were likewise imposed upon the manufactured products.
Further, official statements abound declaring that the purpose of these duties is fiscal. The rates are usually too low to have much protective influence, and when financial situations permitted, export duties have frequently been lowered or abolished.

In certain cases, however, a protective purpose is avowed or is clearly evident from the circumstances. The recent differential export duty of 5 and 15 per cent upon the export of raw hides and skins from India—the tanned article being free—is for the purpose _inter alia_ of protecting two industries which were greatly stimulated or injured during the war. In Somalia raw hides and wood pay a 10 per cent export duty, while tanned hides and manufactures of wood pay only 1 per cent.

Conservation is sometimes an object of an export duty, though this end is perhaps more frequently sought by prohibition. The prohibitions enforced by Canadian Provinces against the exportation of lumber and wood pulp secure both protection and conservation. The exportation of cows and heifers is frequently made dutiable or prohibited, with the object of building up the local herds. Export duties are also levied in connection with the inspection and grading which is done to raise the average quality and better the reputation of the article exported. Angola has a heavy duty on the exportation of uncleaned coffee, while in French Oceania the duty on vanilla is rather in the nature of an inspection fee.

### Rates.

The rates of export duties are generally low as compared to those of import duties levied in protective tariffs. Few export duties exceed 10 per cent ad valorem and they average much less than that. But in Zanzibar cloves, in Kenya and Nyasaland, ivory, and in Mozambique and Angola, several products are dutiable at from 20 to 30 per cent. The East Coast of Africa from the Sudan to Mozambique has almost exclusively ad valorem duties, but the British and French colonies of West Africa have generally specific duties, as have the British West Indies, Ceylon, Fiji, and some others.

### Differentials.

Differential features do not appear so frequently in export as in import duties. The open-door colonies naturally have no such differentials, nor are such generally found in the preferential colonies. In the Portuguese colonies alone may they be said to constitute a _national policy_. More or less extensive use of them, however, is found in certain _individual colonies_ of other powers—in French Indo-China, in Spanish Fernando Po, and in Italian Somalia. In cer-

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112 India is one of the world's greatest sources for hides and skins. There has always been a local tanning industry, but great quantities of foreign leathers and leather goods are regularly imported. During the war Government orders gave a great stimulus to the tanning of hides, but the tanning of skins was prohibited. Protection was thought necessary to maintain the one industry and to revive the other. (See p. 352.)

113 And on these latter and on leather goods generally there is an import duty of 10 per cent without the usual differential in favor of Italian products.

114 See Commerce Reports, Jan. 7, 1921, pp. 120–123, for the grading and standardization of exports from the Philippines.
tain British colonies a few isolated items are found subject to differential export duties. Indo-China is an important French colony, but it is only one among twenty; the Spanish and Italian colonies named are of small importance. The French preference is limited to goods transported directly; the Spanish preference to goods shipped in Spanish vessels. The Portuguese duties and the British are, therefore, those that are important, the Portuguese because they cover most of the colonial field, the British because, with the exception of those in the Federated Malay States, they are recent, and because they indicate a tendency toward a monopolistic policy in the use of raw materials. The differential part of these British duties is applied unless guaranties are given that the next step in the manufacture of the article will be taken within the Empire. Their rates were intended to be prohibitive. (But see pp. 338, 341, and 343.) The smelting of the tin and the crushing of the palm kernels are thus restricted to the British Empire, but no tariff restrictions have been imposed upon the tin or the palm-kernel oil.

The differential is the whole of the export duty in Indo-China and in Fernando Po. The differential on raw hides is in Somalia one-half of the 10 per cent duty, and in India two-thirds of the 15 per cent duty; i.e., 5 and 10 per cent ad valorem, respectively. The duties on tin-ore and palm kernels are preferential surtaxes on previously existing, nonpreferential export duties.

In Indo-China the export duties are very small. In Fernando Po the duty on cocoa is nearly 1 cent per pound. Except for one or two prohibitive British duties, the rates are highest in the Portuguese system; the differentials on coffee and cocoa from Sao Thomé and Princípe come to about 2 cents per pound. In Angola and Mozambique several duties of 20 per cent or more are found. Since the increase of the differential in Mozambique in 1916 and the decrease in Angola in 1920, the characteristic differential is 50 per cent in force in those colonies and in the Cape Verde Islands. In Sao Thomé and Princípe the differentials are greater, but the minor possessions have no discriminatory export duties.

It will be seen that these rates make the amount of the differential in the case of the Portuguese colonies approximately as much as the total duty exacted in the colonies of other countries. Certain of these differentials are limited to goods transported in national ships, notably upon products exported from Mozambique, Sao Thomé and Princípe. In these cases, produce exported to foreign ports in Portuguese vessels also receive a preference but at a much smaller rate—10 per cent of the duty in Mozambique and about one-third of the duty in Sao Thomé and Princípe.

115 The peculiar Philippine system was abolished in 1913. Under this system the rebate on exports to the United States consisted of the amount of the duty payable according to the tariff schedule of the United States. On manilla, on which here was no duty in the United States, the rebate was the whole of the export duty. Cigars exported from the Philippines are now paying 15 cents a thousand, the receipts to be expended for advertising Manila cigars in the United States.

116 For the nonpreferential additional duty on Indo-Chinese rice, see p. 167. A decree of July 2, 1921, imposes 5 per cent ad valorem upon copra and trocas shell exported from New Caledonia to non-French destinations. (B. T. J., Aug. 11, 1921.)

117 From the major colonies a few articles may be exported free regardless of destination.
IX. Intercolonial Trade.

Outside the British Dominions and the British West Indies, which have determined their own special tariff relations with each other and with the other British colonies, the general rule is that intercolonial trade is treated on the same basis as trade with the mother country. In some cases foreign products reexported from one colony to another pay in the second the difference in the rates of duty, if the second has the higher rates. Assimilated colonies, being within the tariff barriers of the mother country, naturally have free trade with each other, while open-door colonies naturally levy duties on intercolonial trade as on all other. In the French colonial system the rule of intercolonial free trade is extended to all the colonies. So, also, in the United States: As Porto Rico is within the national tariff walls, its products enter the Philippines free and Philippine products enjoy the same advantages in its markets. The Portuguese colonies generally give the same preferences to products arriving from or destined to other Portuguese colonies as they give to the trade with the mother country, but there are exceptions.

Italian Somalia gives special rates to four products of Eritrea, but of these that on coffee is only 8 per cent against 10 per cent on foreign coffees, while the Italian product enters at 1 per cent. Among the Spanish colonies is found the only instance outside of the British Empire of a colony granting to another colony a favor which is not extended to the mother country. The Canary Islands levy upon Spanish products (except sugar) equally with all others, but they grant preferential rates to the coffee and cocoa of Fernando Po, the differential being about 2 cents a pound on cocoa and somewhat more on coffee. The open-door colonies of Great Britain and Holland have, as those of Germany had, no special provisions for intercolonial trade and levy duties thereon at the same rates as upon any other imports. Belgium having only one colony has no intercolonial trade.

The British Empire.—In the British Empire the preferential tariffs established in 1903 by New Zealand and in 1920 by Cyprus were made immediately applicable to all products of the Empire. In certain other cases preferential rates granted primarily to Great Britain or to Canada have been extended to portions of the intercolonial trade, freely or after negotiating special arrangements. Canada extended her preferences to New Zealand in 1904 (reciprocating New Zealand's action of the previous year) and to the British West Indies (without return from 1898 to 1913) and to most of the other British Crown Colonies from time to time (1898–1913).

Trinidad in 1917 extended her preferential schedule to the whole Empire, and in several other instances, mainly in 1920–21, West Indian Colonies have extended their preferences beyond the text of their agreements in respect to the rate of the preferences or the

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\[113\] For the exception in regard to French India, see p. 219. This freedom of trade among the French colonies refers only to customs duties, not to octrois and consumption duties. Technically, therefore, it covers even the colonies in which the open door is guaranteed by treaty inasmuch as they levy no "customs duties" in the French sense, but only those other duties which fall equally on goods from all sources.

\[120\] Products of the Virgin Islands and Samoa, which are not within the national tariff walls, are dutiable in the Philippines as foreign goods, but products of Guam are exempt by act of the Philippine Legislature. (Act No. 2779, approved by the President, May 6, proclaimed and in force, June 2, 1918.)
number of favored products or the parts of the Empire to whose products the preferences were granted. With these exceptions, New Zealand, Cyprus, and to a lesser extent Canada and some of the West Indies, the intercolonial trade of the British Empire does not rest upon the basis of the preferences granted to the mother country, except in so far as special agreements have been concluded, agreements which may include special concessions. These special concessions are normally extended immediately to the mother country and to other Dominions or colonies entitled to preferences; but as they relate to articles in which the parties to the agreement are particularly interested, such extension is relatively unimportant. The West Indies have made agreements only with Canada, and Australia only with South Africa, otherwise the intercolonial trade of the Dominions and the West Indies generally receives the benefit of preferential rates, as may be seen in Table 9. In this summary of the imperial preferences of the British Empire the dates are those of the introduction and the chief revisions of the preferential rates and the preferences which have been extended only after negotiation and agreements are indicated by "Agr;" 1906–7 and 1912–13 indicate agreements which were negotiated in one year and became effective in the following year.

Table 9.—Tabular view of British Empire preferences.

<table>
<thead>
<tr>
<th>Preferences granted—</th>
<th>To United Kingdom.</th>
<th>To Canada.</th>
<th>To New Zealand.</th>
<th>To Australia.</th>
<th>To South Africa.</th>
<th>To British West Indies.</th>
<th>To some or all other Crown Colonies.</th>
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<tr>
<td>By New Zealand</td>
<td>1903</td>
<td>1906</td>
<td>1904 Agr.</td>
<td>1906 Agr.</td>
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<td>1907</td>
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<td>By United Kingdom, 1919</td>
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<tr>
<td>By Cyprus, 1920</td>
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<td>By Fiji, 1922</td>
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a The colonies which notified the agreement of 1912 were Barbados, Trinidad, British Guiana, Grenada, St. Lucia, St. Vincent, Antigua, Dominica, Montserrat, and St. Christopher-Nevis. The agreement of 1920 has been ratified by all the parties thereto except Bermuda, whose legislature has declined to ratify. Some of the West Indies have extended their preferences to other West Indian Colonies, or to the whole Empire, but these details are omitted from the table. See chapter on the Crown Colonies and India, p. 363.

b The exceptions are the special concessions of New Zealand and Australia to South Africa.

c Australia's concessions to South Africa were limited. (See p. 784.)
X. TREATMENT OF COLONIAL PRODUCTS IN THE HOME MARKET.

GENERAL OBSERVATIONS.

The differential treatment of colonial products in the home market of a colonial power does not present to the other industrial nations problems of the same character and magnitude as do the differential import and export duties in the colonial markets. This is due to the nature of the products of the colonies, the relative fewness of the protective duties levied upon them, and to the difference in the effects of such duties from those of duties on manufactured products. In so far as duties are levied upon colonial products in the home market, and are effective, it is the competing colonies rather than the mother countries which are interested.

Colonial exports are generally raw materials or foodstuffs. In most countries these are on the free list or are subject only to very low duties, and consequently as a rule important preferential reductions of import duty in favor of colonial products can not be made in the mother country. But there are three classes of exceptions, and, since colonies so frequently export a limited range of products, for some colonies the exceptions are much more important than the rule. First, some of the products, particularly of the semitropical and nontropical colonies, are the same as those of Europe, and such products may be affected by duties levied for the protection of agriculture. The tropical colonies also are interested in the protection accorded to beet sugar and tobacco. Second, even upon articles which it does not produce, the mother country may impose duties with the specific object of protecting the market for colonial products (French duty on rice, Portuguese on rubber). Third, the tropical foodstuffs known in Europe as "colonial products"—tea, coffee, cocoa, vanilla, spices—are usually subject to revenue duties which are high compared to the usual rates of protective duties, sometimes even exceeding 100 per cent ad valorem.

France and Algeria afford a striking example of the first exception. Algerian exports may be divided into two classes: First, wines, cereals, animals, vegetables, and fruits; and second, ores, phosphates, fibers, hides, cork, and some others. The first class generally encounter protective tariffs on the Continent of Europe, but they enter France free under the protection of the French tariff on similar foreign products; the second class may also enter France free, but in competition with similar products from all other sources, likewise free, while most other markets are also open to these products. The result is that the great bulk of the first class goes to France, while the larger part of the second class goes to foreign countries.\(^*\)

The tropical colonies are generally most interested in the duties on "colonial products." These products are usually highly taxed in all markets and, as the duties are not usually protective of home interests,\(^*\) the chief opposition to granting a preferential reduction is apt to come from the officials of the treasury. On the other hand, the rates of these duties are usually so high that even if a full exemp-

\(^{122}\) This is the result in this case: it is of course not meant that in all cases those colonial exports which receive a preference in the mother country find that their chief market while the nonpreferential exports go largely to other countries. The more rapid development of the mineral resources of Algeria has led to a decrease in the proportion of exports to France.

\(^*\) Except in the case of sugar and tobacco, whose claim to inclusion with "colonial products" may be disputed.
tion is not granted to the "colonial products" a reduction of the duty gives a preference whose absolute amount is sufficient to give control of the trade. The British preferences reduce the rates by only one-sixth, as it was estimated that a greater reduction was unnecessary.

It should be noted, however, that the question whether the consumers in the mother country or the producers in the colony receive the chief benefit of the preferential rate depends mostly (if competition be free) on whether the favored colonies supply or do not supply the whole demand of the mother country. If they do not, the producers are likely to receive most of the benefit, even though all other markets are free to the products in question. There may, however, be intermediate agencies which absorb much of the benefit, e.g., shipping companies in cases where the preference is granted only for products transported in national vessels. The industrial nations as distinguished from their colonies have comparatively little direct interest in the tariff favors which their competitors give to their colonies. In so far as the colonial products are raw materials for manufacture, if the United States, for instance, admits them free from all sources, the preferential free admission by other countries of the same products from their colonies (importation from other sources being dutiable) gives these other countries no competitive advantage and may by limiting the sources of their raw materials give the United States an advantage. But the American market for foodstuffs may be slightly narrowed, e.g., by the French differential duties on cereals and vegetable oils.

Manufactured articles are exported in considerable quantities from no colonies except the British Dominions and India, and of the total export only a small proportion goes to Great Britain. Accordingly the present effect upon American trade of differential duties upon manufactures entering the markets of the colonial powers is very small. The conclusion seems warranted that the preferential tariffs of the mother countries are without immediate and direct effects of importance upon the commercial rivals of these countries. But such tariffs may have important effects in the long run. In so far as they are effective in creating a specially favorable market for colonial products, they stimulate the development of the colonies along certain lines, and the competition of the favored colonies may eventually become of importance. Secondly, tariffs rates which attract the products of the colonies to the mother country build up direct shipping connections and give the exporters of the mother country an advantage in competing for the import trade of the colonies.

-POlicies of the Colonial Powers-

With due allowance for the differences in the character of the trade to and from the colonies, the policies of the different powers in regard to preferences to colonial products in the home market are fairly consistent with their policies in regard to preferences in the colonial markets. In both markets there is a free list, which is at the same time nonpreferential for those articles whose exemption from taxation seems to offer a balance of advantage. In the colonies machinery and other aids to economic development are usually free.
while in the mother country it is raw materials which are free. Since "colonial products" are generally taxed, and since a trade study has not yet been made, it is impossible to say whether the countries which give a preference put a protective barrier about a larger proportion of their exports to their colonies than of their imports from those colonies. Colonies exporting "colonial products" receive greater preferential advantages than do those which export rubber, ivory, ores, phosphates, copra and other oil producers, wood, hides, cotton, jute, and other fibers.

The countries which generally maintain the open door in their dependent colonies have granted no preferences in their home markets except the few introduced by Great Britain in 1910. The powers which maintain preferential rates for their own products in the colonial markets have all granted certain favors also to colonial products in the metropolitan market, though these latter do not appear to be so great as the former. The benefit of these favors is also made contingent in some cases upon transportation in national vessels. Generally speaking, the favors to products of the assimilated colonies are greater than those to products from the colonies where the products of the mother country receive more limited preferences. Thus colonial products from the assimilated colonies of France, Japan, and the United States enter the mother country free. Among the products of the preferential colonies those of the American colonies alone enter the mother country entirely free. The other preferential colonies, French, Spanish, Italian, and Portuguese, as well as those colonies of France, Spain, and Portugal where by exception the open door is in force, receive for their products various favors short of entire exemption from duty. A special Spanish law enumerates and exempts most products of the Canary Islands, Rio de Oro, and Spanish Morocco, but American Samoa is the one open-door colony whose products are entitled to free admission to the mother country, regardless of their nature.

Products of all the nonassimilated French colonies according to the law of 1892 paid the French minimum duty, i.e., the rate paid by the same products from the most-favored foreign countries. Since 1892 numerous preferences have been introduced, both by general modifications, such as that by which colonial products were exempted from the increases of rates in 1910, and by specific exemptions, partial or entire, for certain products of certain colonies. The Protectorate of Morocco is, however, still treated for tariff purposes as a foreign country.

The general rule for the Portuguese colonies since 1871 has been that their products enter Portugal on payment of one-half of the ordinary duties, but since 1892 this reduction has been limited for most of the colonies to goods transported in Portuguese vessels. By exception, a few articles enter free. As the Portuguese tariff levies

124 See note on p. 72. What is here meant is that the free admission of colonial products, as in the United States, France, and Japan, is a greater favor than the partial exemption from duty, e.g., in Portugal. But a statistical examination of the colonial trade under prevailing rates of duty might show cases in which the partial exemption was of greater importance than the entire exemption granted to products of other colonies.

125 For fiscal reasons France long maintained important exceptions, but since Jan. 1, 1914, these exceptions have been reduced in number and they are now confined to sugar and pepper.

126 In the case of the Philippines various limitations on this freedom were in force until 1913.

127 See Chapter III, p. 205.
duties on raw cotton, hides, rubber, and some other items, and very high duties on coffee, tea, and sugar, these preferences were, before the war, of considerable importance, particularly those on coffee, tea, sugar, and raw cotton, preferences which came to about 4 cents, 20 cents, 3½ cents, and 1½ cents per pound, respectively.

From Spanish Guinea most of the colonial products actually exported enter Spain free with the exception of coffee and cocoa, which receive differentials of about 3 and 6 cents per pound, respectively.\(^{128}\) Cocoa, however, constitutes 98 per cent of this trade, so that the characteristic preference is a differential not unusually high on a percentage basis but very high in absolute amount. Practically all the products of Rio de Oro, Spanish Morocco, and the Canary Islands enter Spain free.

The Italians have granted tariff favors only to imports from Eritrea. About a dozen articles enter free from that colony under the protection of duties levied on similar products of all other origins. Perhaps the most important item (wheat) was removed from the list by the law of April, 1915, though at the same time Eritrean cattle were given a small preference by the imposition of a special duty on them by weight instead of by head.

Preferences in the home market are closely related to differential export duties in the colonies, and the two must be considered together. But they are not interchangeable, and although their effects are likely to be cumulative if both are in force at the same time, their separate and individual effects may be different. For instance, a differential import duty in Great Britain upon palm kernels would have no effect either upon the British crushing industry or upon exportation from the West African colonies as long as West Africa remained the chief source of supply and the German and other large markets were open. A differential import duty in Great Britain upon the finished product (the oil), if high enough, would transfer the crushing industry to Great Britain to an extent sufficient to supply at least the local market;\(^{129}\) while the differential export duty in the colony, if the rate proves to be high enough and if it is not offset by counter-measures in other countries, will transfer to Great Britain the crushing industry for the whole supply from the British West African colonies. The benefit of a differential export duty in a colony is likely to accrue to consumers or manufacturers of the mother country; the benefit of the mother country differential import duties is likely to accrue to the colonial producer. In the case of the Portuguese colonies, where differentials both in the colonial export duty and in the home import duty run through the whole system, it would appear that the effect of these duties is cumulative and that the high rate of both differentials renders the total differential higher than any found in any other system.

In conclusion, the policies of the different countries in regard to the differentials affecting trade from the colony to the mother country may be summarized thus: Belgium and the Netherlands maintain preferences neither in the export duties of their colonies nor in the import duties of the mother country. That was also the policy and practice of Germany. Great Britain allowed no differential

\(^{128}\) 25 per cent and 58 per cent of the ordinary duty. But see p. 562 for recent changes.

\(^{129}\) Or it would drive the consumers to the use of substitutes.
export duties in her colonies until one appeared in 1903; a few others have been added during the war; but in the home market no preference was extended to colonial products until the summer of 1919. Eritrea enjoys free entry to the Italian market for a dozen of her products, and several products of Somalia, including the most important, have differential export duties. But Libian exports to Italy have received no favors. None of these powers, therefore, has any thoroughgoing policy of favoring importations from its colonies.

On the other hand, Spain grants free importation to nearly all the colonial products actually imported, and on the chief exception—cocoa from Fernando Po—there is a large import differential reinforced by a considerable differential in the colonial export duty. The Portuguese preference in the home market is generally 50 per cent of the high duties in force, and this is reinforced by a comprehensive system of differential export duties in the colonies. France and Japan grant free entry to the products of their assimilated colonies and France grants to the other and less important colonies favors of considerable importance; but she limits differential export duties to Indo-China, and there the rates are low. The United States alone grants free entry to the products both of its assimilated colonies and of its other possessions; the United States and Japan have abolished export duties in their colonies. In respect, therefore, to trade from colony to mother country, the powers are divided into those which give few or no preferences to imports from their colonies and those which have relatively complete systems of large differentials. In this case Italy is found with the nonpreferential powers, otherwise the grouping is the usual one. The imports from the colonies are favored chiefly by exemptions, partial or entire, in the home market. Portugal alone has a comprehensive system of export preferences.

XI. Preferential Tariffs in Favor of National Shipping.

The scope of this report does not call for a study of the general policies pursued by the nations in regard to shipping. Certain points, however, which relate to colonial trade have been noted, and may be summarized here.

As already explained, where tariff favors are limited to goods transported in national ships or transported directly from the place of origin, this limitation is imposed for the benefit of the merchant marine and offsets rather than supplements the favors conferred on colonial trade. For in general any limitation or condition attached to a favor operates to decrease the value of the favor; and the mere fact that a shipping restriction is imposed indicates that at least at the time of its imposition it was believed that a part or all of the colonial trade would find it more advantageous to use other than national vessels. Accordingly, a policy devoted to the stimulation of colonial trade calls by implication rather for freedom in the choice of transportation routes and agencies than for restrictions on them, and those countries which impose navigation restrictions do so because they foster their shipping with even more zeal than their colonial trade. It is evident, however, from the fact that ocean

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136 Except in the Virgin Islands.

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freights for even the longest commercial routes are normally only a fraction of the value of most commodities, that tariff favors may easily be large enough to determine the course of the trade in spite of such shipping limitations as are likely under normal conditions to be attached to them.

National policies in regard to shipping may be distinguished as follows:

1. The trade between the mother country and its colonies and the intercolonial trade may be open to all vessels without discrimination (Great Britain, Netherlands, Belgium, and Germany).

2. This trade may be open to vessels of all nationalities but dutiable merchandise may receive the preferential tariff rates only when it is transported "directly" from the country of origin (France and British Dominions and Colonies).

3. This trade may receive preferential tariff rates only if carried in national vessels or may receive additional preferential reductions if so carried (Portugal).

4. This trade may be restricted to national vessels independently of tariff regulations (Spain, and in part of the United States, Portugal, and Japan).

As the open-door colonies have no preferential tariffs, their shipping regulations have not been made the object of special investigation. Even after the introduction of certain preferences in Great Britain and in some of the Crown Colonies, the British have imposed no shipping restrictions upon the coastwise trade of Great Britain, upon the trade between Great Britain and the colonies, or upon the intercolonial trade. The Dominions regulate their own coastwise trade and have their own shipping laws. Belgium and Italy do not, and Germany did not, restrict to the national flag the shipping engaged in the colonial trade, though they all grant or granted subsidies, subventions, or some kind of indirect aid.131

The Netherlands allow the vessels of "reciprocating countries"132 to engage in the trade between the Netherlands and their colonies. In the Dutch East Indies 80 ports are open to general trade and in the ports of territories not under direct Dutch administration foreign vessels may engage in the coasting trade; but the right is reserved to the Dutch Government to forbid this coasting trade to "ships belonging to (registering from) the realm in Europe or the Dutch East Indies."

Except Italy, all the countries which systematically134 grant preferences in their colonial trade pursue a restrictive policy in regard to shipping engaged in that trade. Most sweeping are the restrictions of those countries which prohibit, by general laws regardless of tariff preferences, all use of foreign vessels in colonial trade. These countries all limit coastwise navigation to national vessels.

131 Only one instance has been encountered in the course of this study in the way of a shipping restriction in the colonies of these countries: a virtual monopoly of harbor rights in German Southwest Africa was granted to a German steamship company under the guise of regulating the loading and discharging of vessels.

132 Apparently this means colonial powers which permit Dutch vessels to engage in the carrying trade between the mother country and its colonies, and also noncolonial powers.

133 Low No. 477, 1912. In addition to the ports open to general commerce there are "inland harbors" open only to Dutch and native vessels, but "the governor general is, under pressing circumstances, empowered to open the excluded coasting-trade ports to ships already permitted the entry into the general ports for specific trips in carrying specified cargoes."

134 Excluding Great Britain, in whose dependent colonies preferential tariffs are the exception rather than the rule.
The United States assimilate trade to and from Porto Rico with coastwise trade, but owing to lack of shipping this rule has never been applied to the Philippine Islands, and by the merchant marine act of 1920 such application was postponed until Feb. 1, 1922.135 Japan restricts her trade with Formosa to Japanese vessels, but the coastwise trade of Korea and its trade with Japan have been left open to all comers.136 Spain restricts the trade between the mother country and the colonies to Spanish vessels, and in addition grants preferential tariff rates upon imports made directly from the colonies in Spanish vessels, i.e., the tariff reduction is used to build up direct connections with the colonies and is not granted to colonial products brought to Spain in Spanish vessels unless the voyage is direct within the meaning of the laws and regulations upon that subject.

In the Portuguese colonial trade a great variety of regulations are in force. Foreign vessels have been allowed to participate since 1877 in the coasting trade of Mozambique; since 1889 in the trade between Macao, Timor, Portuguese India, and Mozambique; and since 1881 in the trade between Portugal and these four colonies east of the Cape of Good Hope.137 Except for the routes just enumerated, foreign vessels are excluded from the intra-imperial trade of Portugal; that is, from the routes between Portugal or a colony west of the Cape and other Portuguese territory of the same region, to which may be added the coastwise trade of Angola139 and the interisland trade of the Cape Verde Islands. But while foreign vessels are admitted to certain trade routes within the Portuguese Empire, as well as to the trade between the ports of the empire and non-Portuguese territories, the use of Portuguese vessels in these routes is encouraged by differ-

135 Section 21 of the merchant marine act reads as follows: "That from and after February 1, 1922, the coastwise laws of the United States shall extend to the island Territories and possessions of the United States not now covered thereby, and the [shipping] board is directed prior to the expiration of such year to have established adequate steamship service at reasonable rates to accommodate the commerce and the passenger travel of said islands and to maintain and operate such service until it can be taken over and operated and maintained upon satisfactory terms by private capital and enterprise. Provided, That if adequate shipping service is not established by February 1, 1922, the President shall extend the period herein allowed for the establishment of such service in the case of any island Territory or possession for such time as may be necessary for the establishment of adequate shipping facilities therefor: Provided further, That until Congress shall have authorized the registry as vessels of the United States of vessels owned in the Philippine Islands, the government of the Philippine Islands is hereby authorized to accept, from time to time, and enforce regulations governing the transportation of merchandise and passengers between ports or places in the Philippine Archipelago: And provided further, That the foregoing provisions of this section shall not take effect with reference to the Philippine Islands until the President of the United States, after a full investigation of the local needs and conditions, shall, by proclamation, declare that an adequate shipping service has been established as herein provided and fix a date for the going into effect of the same." (Statutes at Large, 1910–1920, p. 907.)

136 This was in accordance with the pledge made at the time of the annexation of Korea (1910) to maintain the status quo for ten years. This period has expired but no information is available to show that the Korean coastwise trade and the Korea-Japan trade has been closed to foreign vessels.

137 The law of 1881 opened all trade between Portugal and her colonies, but in 1886 the intra-imperial trade west of the Cape was again closed to foreign vessels. Strictly the trade between Portuguese India and Mozambique was not opened until 1884.

138 West African timber, however, which enters free, need not come in Portuguese vessels, and since April 28, 1919, the same rule applies to the maize admitted free from the colonies. Cotton, which likewise receives greater favors than the usual 50 per cent duty, is transported in French vessels making coasting trips between Portuguese and the colonies. This last distinction is found also in application of the differential tonnage duties of the Cape Verde Islands, and Portuguese Guinea. If all the regular lines connecting Portugal and the colonies are Portuguese, this discriminates against Portuguese and other tramp vessels.

139 Foreign vessels generally have the right by treaty to discharge part of their cargo in one port and carry the remainder to other ports. A cargo transshipped for the coastwise trade of Angola may be transferred only to Portuguese vessels, and there are required of foreign vessels formalities which are not required from Portuguese vessels making such transshipment. Foreign vessels are subject to differential shipping dues in Timor and the African colonies; the differentials were increased in August, 1921 (decree 7018).
ential tariffs. Thus the 50 per cent differential in the import duties levied in Portugal on colonial products is limited to those transported in Portuguese vessels. The duties levied upon exports from the colonies, particularly those imposed in 1916 or later, not only limit the differentials on exports to Portugal to shipments made in Portuguese vessels, but also grant a smaller differential to exports to foreign countries in Portuguese vessels. Preferences of this kind are found in the export duties of Mozambique, Sao Thomé, and Principé, and in the coffee duty of Angola. The maize of Angola pays an export duty whose only differential is in favor of Portuguese ships regardless of their destination. It will be seen that the favors to Portuguese vessels affect chiefly the trade from the colonies to Portugal, being found both in the import duties of Portugal and in the export duties of the colonies. There are few shipping restrictions in the import duties of the colonies.

In the French system "direct" importation from the country or colony of origin rather than transportation in French vessels is the characteristic requirement for all imports which pay rates lower than those of the general (maximum) tariff. This requirement is enforced both in France and in the assimilated colonies, and is not limited to intra-imperial trade but is part of the general commercial policy of France. Colonial products, other than industrial raw materials, are dutiable at high rates under the French general tariff and the rule which restricts lower rates to merchandise imported directly, effectively prevents these products from being imported from French colonies through European entrepôts. The same object is sought in regard to imports of raw materials, with a few exceptions, from all non-European sources by means of special surtaxes on the importation of non-European products through European ports. This latter provision, especially, is a counter measure to the Spanish and Portuguese preferential tariffs, which are designed to make the ports of those countries entrepôts for the products of their colonies. The rule of direct importation operates in favor of French shipping (see p. 159) and it is replaced by a legal prohibition upon foreign shipping only in two cases: In the Franco-Algerian trade, which is considered part of the coastwise traffic of France, and in the importation of those products of Tunis, which receive tariff favors in France. Except in the Algerian trade, therefore, the French shipping restrictions are found exclusively in connection with tariff favors.

Foreign vessels engage freely in the trade between France and the colonies other than Algeria and in intercolonial trade, and, except on certain importations from Tunis, if they ply "directly" between the

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140 Exports from Mozambique in Portuguese vessels receive a reduction of 50 per cent of the export duties if the destination is Portugal and of 10 per cent for any other destination. Coffee and cocoa from Sao Thomé and Principé pay about one-third of the full duty if shipped to Portugal in Portuguese vessels, but if shipped elsewhere in the same vessels they pay about two-thirds of the duty.

141 The "minimum" tariff rates (i.e., the rates of the second column of the tariff, not the special reductions granted to products of French colonies) have been granted to many countries by treaty, but always with the limitation that these rates are to be enjoyed only by merchandise transported directly from the country of origin to France. "Directly" has received both in the foreign trade and in colonial trade various modifications—e.g., importation through another country also entitled to the minimum tariff rates is allowed. Specific exceptions are also made—e.g., transshipment at San Francisco for French Oceania is permitted.

142 Products of the Cape Verde Islands imported through Funchal, Madeira, are an exception.

143 This restriction was suspended in 1915, and remained suspended until Oct. 25, 1921.
ports—practically confining themselves to this trade—the merchandise which they carry is admitted on payment of the same duties as that carried in French vessels. However, many colonial products in France receive no tariff favors, either because they are on the free list regardless of origin or because they are listed with a single rate of duty, which is paid alike by the products of the nonassimilated colonies and those of foreign countries. These goods may be imported into France in foreign vessels either directly or indirectly without a tariff penalty; and actually the participation of foreign vessels in the trade between France and her colonies is confined almost wholly to these articles. As all products of France enter her colonies free, and as the general free lists of these colonies are limited, foreign vessels are practically excluded from the trade in that direction.

Canada, Australia, and the British West Indies limit preferential rates to products transported "directly" from some other British country. The exemptions of the United States-Philippine trade are similarly limited. But the United States and Canada consider shipments in bond through contiguous countries as "direct."

Port and tonnage dues and fees for various services, such as pilotage, sanitary inspection, and measurements, are sometimes levied on a differential basis. Differentials in these dues, however, are rare outside of the Portuguese colonies, which generally discriminate either between national and foreign ships or, regardless of nationality, between tramp vessels and those which give regular services between the colony and Portugal.

XII. Discriminations in Minor Duties and in Methods of Valuation and Payment; Concealed Preferences—Summary.

While this study is directed primarily toward the preferences explicitly set forth in the laws and exhibited in the schedules of the customs tariffs, numerous other methods and instruments of discrimination against foreign trade have necessarily received some attention. These may be classified as (a) open discriminations either in the minor duties and fees collected at the ports of entry or in the requirements for the valuation of goods and for the payment of duties or in the formalities required in the transactions, and as (b) concealed preferences or "jokers" of various sorts, such as discriminatory classifications and preferential selection of dutiable articles.

An open discrimination may be defined as one in which some such word as "foreign" or "national" is used, so that the text of the law or regulation reveals the existence of the differential treatment; but where the name of a particular foreign country or city is used in connection with specific articles it will generally be found that the name has come to indicate a type of article, and is used in the tariff schedule as a trade name, and not as a geographical term, e.g., Mocha coffee, Panama hats, Italian cloths, Brussels carpets, Nottingham lace, and China ware. And even where the place name has not become a trade name, and where the whole of the product

14 Except that if imported indirectly nearly all products pay the surtax of indirect importation. The most common rate of this surtax is 3.60 francs per 100 kilos. (At normal exchange about 33 cents per 100 pounds.)
comes from one country, the separate designation may be defensible if the product has distinct characteristics and differs noticeably in quality and value from similar products of other countries. A concealed discrimination is one which results from the actual application of rules and tariff schedules whose phraseology and construction give no appearance of partiality, i.e., which use no terms denoting nationality or location. These concealed discriminations are revealed usually only by a comparison of the tariff schedules with the existing trade. For instance, it is found that the French limitation of tariff favors to colonial products transported "directly" differs in no great degree in its results from the provision found elsewhere that the transportation must be in national vessels.

Classifications may conceal discriminatory treatment. For instance, the division of wines into those valued at 6 shillings and more, and those valued at less than 6 shillings, may constitute an effective method of discrimination in favor of Australian wines, but it is not an open preference, such as naming Australian wines specifically and separately in the tariff schedules and granting them a rate lower than that on other wines. Accordingly, a knowledge of the nature, value, and origin of the various products at least as intimate as that implied in the details of the tariff classification is necessary to render it possible to recognize which of these classifications are discriminatory and which of the discriminations are really warranted by differences in the character or value of the classes of commodities differentiated. Thus a duty upon mineral oils levied upon oil imported in containers, at a rate per gallon twice as great as that upon oil imported in bulk, discriminates against the former only in case the container is worth less than the oil contained, and in case importation in bulk is the method characteristic of national firms, and importation in cans is the method used by their foreign rivals.

Less effective as a discrimination in favor of national goods is the effect produced by selecting articles imported mainly from foreign countries or exports to foreign countries for taxation, or higher taxation, and leaving the chief products exchanged between the colony and the mother country free or at lower rates. In so far as distinct classes of articles compete with each other, this discrimination may be of advantage to national trade. For instance, if beer is dutiable at 29 per cent and brandy at 185 per cent (as it was in German Southwest Africa) the consumption of French brandy is likely to be curtailed in favor of German beer. Where there is a greater difference in the character of the articles, as, for instance, between cereals and meats, or silks and cottons, or cement and iron, the competition is, as a rule, not sufficiently direct to render this form of preferential classification effective.

In both these cases, moreover, the mere presence of a discrimination does not prove any intent to discriminate, neither does it prove

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145 Discriminatory treatment means, in this instance, treatment which distinguishes national or colonial products for the purpose of assigning to them separate rates in the tariff schedules. The extent to which it may be considered legitimate to classify cheaper wines separately and give them a lower tariff rate is suggested in the discussion on p. 359.

146 The illustration is suggested by the Mesopotamian duty upon oils, which, it is alleged, discriminates against oils imported in containers, but which is, so the British assert, simply the result of the reduction of the ad valorem rate of 11 per cent to specific terms. It is evident, however, that any changes in the relative value of the oil and the container will affect in one direction or the other the equal operation of the specific rates as previously fixed and nullify in practice the impartiality asserted to have been observed in imposing the duty.
unfair discrimination. The discrimination may be justifiable on well-established economic or moral grounds. The articles taxed may be those generally recognized as most suitable for taxation either for fiscal or for social ends, or the taxation certain exports and the exemption of others may depend upon the relative prosperity of the industries and their capacity for paying taxes. It might be found, for instance, that the new industries being established in a colony were in the hands of nationals and were sending their products to the mother country, while the well-established industries, whose products could afford to pay taxes, were those in which the natives or foreigners were chiefly interested. The Algerian export duty on phosphates, which are exported chiefly to countries other than France, may represent an effort to secure a revenue at the expense of the foreign consumer, but it should be noted that the taxation of phosphates seems to be generally recognized as desirable by the exporting countries.\(^{147}\)

In quoting certain cases, therefore, where classifications of these kinds appear to discriminate against the foreigner, no judgment is intended as to the fairness of the practice. That can only be determined by a detailed trade study, such as has not yet been undertaken, and by the establishment of standards of fairness which do not yet exist.

*Minor fees.*—Minor fees on goods imported or exported, as distinct from shipping dues, are frequently found under a considerable variety of names—octrois, consumption duties, municipal taxes, port improvement duties, commercial and industrial contributions, statistical duties, landing duties, etc. The comparatively important octrois and consumption duties have been discussed in connection with tariff rates. The designations of the other taxes call for no special explanation except perhaps the statistical duties. These are generally levied in French, Italian, and Portuguese colonies on goods otherwise free, for the purpose of more easily enforcing the regulations for the declaration and recording of the statistics of merchandise imported and exported. Their rates are low, not exceeding 1 per cent, or they are levied at so much per package, ton, etc., regardless of value. Certain of the Italian preferences include exemption from this statistical duty, and there is a differential rate of 0.1 per cent and 0.2 per cent on cereals and meat, etc., exported from Loanda, Benguela, and Mossamedes. Differentials in these minor taxes are characteristic of the Portuguese colonies and are not generally found elsewhere. Thus, the municipal tax in Lourenço Marques is 25 per cent of the duty, which, of course, increases the total amount of the differential. The commercial and industrial taxes in Mozambique do not generally exceed 5 per cent and these all contain small differentials. A further discrimination is found here in that for this taxation (though not for the customs duties) foreign goods nationalized and reexported from Portugal are still classed as foreign. In Angola the industrial tax is 1\(\frac{1}{2}\) per cent ad valorem on foreign goods as compared with 1 per cent on national products, and the fee for transferring goods to the customhouse is likewise differential—1\(\frac{1}{2}\) real per kilogram against 1 real.\(^{148}\)

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\(^{147}\) Except the United States, which has no constitutional power to levy export duties outside of the "unincorporated" possessions.

\(^{148}\) One real per kilo equals, roughly, 3 cents per 100 pounds.
Sao Thomé and Principé, however, while the municipal taxes generally increase the differentials in favor of Portuguese goods, on a few items the discrimination is against Portuguese products and somewhat reduces the total preference.

Valuation of merchandise.—There have been found in a few cases open discriminations in the valuation of merchandise, in payment of duties, and in customs formalities. The Canadian anti-dumping law contains both open and concealed discriminations in favor of British trade. It requires that merchandise dutiable at ad valorem rates be valued at the price for which it is commonly sold in the foreign country whence directly imported into Canada. This rule discriminates against indirect importations, and therefore, in the nature of the case, against the transit trade of the United States. For instance, spices sent from the East Indies directly to Canada are dutiable according to their export price in the Orient. But the same spices, reshipped from the United States to Canada, are dutiable according to the American market price, which is higher by the inclusion of profits and other charges. Spices enter the United States free of duty, but on many articles the market prices used in Canadian customs valuations include a duty or excise paid on the article or some component part. The foreign countries which levy these charges, in order to prevent them from constituting a burden upon the export or reexport trade, usually grant drawbacks upon exports, and to that extent the reexported articles may be sold abroad at a price lower than that prevailing in the country of export—but in such cases the Canadian duties are assessed according to the higher (domestic consumption) price, not the lower (export) price. This provision of the law operates to the advantage of free-trade Great Britain. Thus the law confers upon British trade an advantage not at first apparent; it includes also an open preference in its provision that sugar refined in the United Kingdom and all articles upon which excise duties have been paid in any part of the Empire entitled to preference shall be valued at the market price of the place of origin, less the drawback allowed on sugar, or less the amount of the excise duty.

An unusual discrimination was in force in Portugal in 1903–1912, in the tare allowance on sugar imported in sacks. The allowance was: On colonial sugar, 2 per cent; on foreign sugar, 2½ per cent if imported in double sacks and 1½ per cent if in single sacks.

Depreciated currencies and exchange rates.—Since the armistice, exchange rates have had an important effect upon trade. Countries whose currencies had depreciated have not only, for that reason, afforded poor markets in which to sell, but they have imposed many restrictions upon imports, in the effort to raise the exchange value of their currencies by decreasing their adverse trade balances. On the other hand, these countries have been at an advantage in selling, in spite of the fact that their price levels (in terms of their own currencies) have risen more rapidly than those of other countries.

Most colonies use the currency system of the mother country, or, at least, currencies whose value is fixed in terms of that of the mother country (e.g., Egypt and the Straits Settlements). This fact, combined with the intimate relation which usually exists between the financial systems of colonies and mother countries, generally
causes exchange values of the currency of mother country and colony to fluctuate together. By exception, independent currency systems are found in Canada and the British West Indies, and during the war the rupee—used in India, Ceylon, Mauritius, the Seychelles, British East Africa, and Zanzibar—broke from its moorings and pursued a course independent of that of the pound sterling.\textsuperscript{150}

Owing to the intimate connection and the tendency of the two currencies to rise and fall together, fluctuations of exchange are less likely to disturb the trade between colony and mother country than the trade of either with foreign countries. The fall in the international value of the currency of a colonial power makes it easier for foreign countries to buy both from the mother country and from the colonies, and harder to sell to them. It thus enhances the effectiveness of differential import duties in the colonies.\textsuperscript{150} But this effect has been partially offset by changes in methods of assessing duties in some of the countries or colonies which employ ad valorem duties, and assess the article upon its price in the principal markets of the country whence directly imported, a price which is necessarily expressed originally in the currency of that country. Before the war these countries in making these assessments converted at par the currencies of the major European countries, ignoring the fluctuations, which were always small. But since the war Canada, Australia, and New Zealand have adopted rules for conversion at approximate market rates, though Canada does not recognize depreciation in excess of 50 per cent. In Canada and New Zealand the rule for conversion at market rates was not at first applied to currencies which stood at a premium. This operated to the advantage of American trade. But a much more important advantage accrued to the United States in its trade with Canada before the change in the conversion rule; and because of the importance of this trade and of Canada's numerous and high ad valorem rates, the condition during the maintenance of the rule of conversion at par may receive some consideration.

The Canadian currency system is quite independent of the British, and the depreciation of the Canadian dollar has been only about one-half that of the pound sterling, but has none the less been sufficient to stimulate American purchases and hinder American sales in that country. On the other hand, the greater relative fall of the pound sterling has enabled Canadians to buy to advantage in Great Britain. Until July 22, 1920, the Canadian customs, in making valuations, ignored the dislocation of exchange rates and converted foreign market values into Canadian dollars at par. Thus, when sterling stood at a discount of 25 per cent, the customs still assessed at $48.66 (Canadian) an article sold in Great Britain for £10, though the Canadian purchaser had paid only $36.50 (Canadian) for it. On the other hand, an American article which sold in the United States for $100, but which cost $110 (Canadian) to $115 (Canadian), was valued by the Canadian customs only at $100 (Canadian). In so far, therefore,

\textsuperscript{150} See p. 331 fn. In the latter part of 1920 it became difficult to finance the exports of Great Britain to Australia, and the British pound commanded a premium in Australia.

\textsuperscript{150} And lessens the effectiveness of differential colonial export duties; but of course specific import or export duties lose their effectiveness as the value of the currency declines.

\textsuperscript{150} Of course, the prices of contract sales may be expressed in any currency. The American law requires that invoices give the value in the currency of the country of export, leaving it to the customs officers to make the proper conversion.
as the duties were ad valorem, the exchange rates, in conjunction with the rule of valuation, operated to decrease by 10 per cent or more the duties payable upon imports from the United States, and to increase by 20 per cent or more those payable upon imports from Great Britain, and by 100 per cent or more those upon imports directly from France or Italy. These decreases to the advantage of American, and increases to the disadvantage of British trade perceptibly lessened the advantage conferred by the preferential schedules and at certain rates of exchange wiped out altogether some of the preferences. For instance, with the United States dollars at 10 per cent above and British sterling at 20 per cent below Canadian par—not an extreme case—Canadian purchases from the United States of articles formally dutiable at 35 per cent paid in effect 31.8 per cent, while the same article bought in Great Britain, and dutiable at a preferential rate of, say, 25 per cent, paid in effect 31.25 per cent. In July, 1920, the rule was adopted of converting foreign prices at current rates of exchange in so far as they were expressed in depreciated currencies. This removed the disadvantage under which British and other European goods had suffered, and on May 3, 1921, the application to appreciated currencies of the rule of conversion at current rates removed the advantage previously enjoyed by American products.

In the customs system of Mozambique, the requirement that payment of customs duty be made in gold at a normal (mint) rate of exchange has operated in recent years largely to increase the differentials against foreign goods. The requirement is restricted to payments of duties on non-Portuguese goods assessed on an ad valorem basis. Most of the duties, however, are ad valorem, and since gold stood at a premium of at least 40 per cent through several years, the rule has largely increased the discrimination against foreign goods.

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525 By the percentage by which Canadian dollars stood below par in the United States.
526 When duties of 20 to 35 per cent, such as are common in the Canadian tariff, were doubled, trebled, or quadrupled by the operation of this method of valuation they obviously became prohibitive. This effect upon the trade of a country whose currency was greatly depreciated was avoided by buying through New York or London or French or British importers; the valuation in the latter case became that of the market value in the United States, since that was the country whence directly imported into Canada. But the advantage of this indirect importation was considerably lessened by American duties and by the operation of the Canadian "antidumping" duty, since the rate for assessment in Canada is the value in the open markets of the country whence directly imported and not the value in bond. French goods from New York (even though they went through the United States in bond) were assessed at the selling price in that city, which included American duties and profits as well as freight and other charges, and on the amount by which this price exceeded the value of the article as landed in bond the "antidumping" duty was levied. The maximum rate of this duty is 15 per cent ad valorem.
527 This illustration shows the equalization of certain rates upon British and American products, and it follows that when sterling was at its lowest the British preference in this instance gave place to a slight preference upon the American article. But it must be noted that this result is dependent upon the fact that the illustration used a preferential rate in which the preference was only a small fraction (two-sevenths) of the total duty. The same absolute amount of preference (10 per cent ad valorem) upon articles dutiable at lower rates was wiped out with considerable difficulty if the rate were doubled. Thus the effective rates levied upon goods formerly dutiable at 25 and 15 per cent were, with exchange at the rates indicated, 22.73 and 18.75 per cent, leaving a preference of nearly 4 per cent ad valorem to the British. Dutiable when imported from the United States, but free when imported from Great Britain, the amount of the preference was scarcely affected by the extreme variations in exchange rates.
528 The situation in Australia has been somewhat similar to that in Canada, but the differences should be noted. Australia uses the pound sterling, and ordinarily settles all its transactions through London, so that a divergence in the exchange rates of Australian and British sterling is rare. By applying the rule for the assessment of ad valorem duties, therefore, instead of a disadvantage to British importers and an advantage to American importers, as in Canada, there was a relatively larger advantage to the Americans, while there was nothing abnormal in the way the rule operated upon imports from Great Britain. In October, 1926, Australia followed Canada and New Zealand in adopting the rule of converting depreciated currencies at current rates of exchange, and at about the same time, as the result of a judicial decision, the same rule was applied to appreciated currencies.
Formalities.—The formalities required in entering and clearing goods are often vexations and cause complaints from time to time, complaints which sometimes allege that the treatment received is not equal as between foreigners and nationals. The published regulations, however, show few or no open discriminations, except the requirement in the very forefront of the rules that all documents must be made out in the national language. This can hardly be put down as an unfair discrimination, and it operates against foreign traders, importers, and agents rather than directly against foreign goods.

Concealed preferences.—A concealed preference may be defined as any classification or phraseology which avoids such terms as "national" and "foreign," thus establishing a general and seemingly impartial rule, but which none the less operates to the disadvantage of the foreigner. The discriminatory effect may have been unforeseen; if devised and intended to discriminate the clause may be called a "joker." The discrimination may be concealed in intricate phraseology or the subtlety may lie in the fact that different regulations must be compared in order to discover the effect. Concealed preferences may exist also in broad classifications and simple phraseology. Frequently the discrimination is discoverable only by a comparison of the law or regulations with the sources or destinations of the trade involved. Finally, concealed preferences may exist by administrative action either as part of an established and public policy, or by secret order, or by fraud.

In general, any method of classification of articles and any manner of assessment of duties operates unevenly upon portions of the trade concerned. Specific duties fall with relatively greater force upon the cheaper varieties of an article, while ad valorem duties tend to restrict the market rather of the better qualities. In addition, specific duties may be levied by units of sale 156 or by weight or other characteristics; and either specific or ad valorem duties may be levied upon goods as classified according to any of the differentia of the product. In every case in which similar products of different countries have different characteristics the tariff classifications and the manner of assessment become of importance to traders. Since there is no general agreement and no established standards based either upon convenience of administration or upon equitableness as between manufacturers, any classification or manner of assessment is apt to raise complaints, from some source or other, that the duties are inequitable. For instance, under the Spanish tariff cottons were dutiable in the Philippine Islands according to the weight of samples from which had been washed the minerals added by the manufacturers to give body to the goods. American manufacturers considered this unjust. In 1902 the basis of assessment was changed to that of the weight of the goods as imported. The change operated to the advantage of American manufacturers almost exclusively, for they are not accustomed to weight their cottons. Again, in 1906 a classification was introduced by which there was imposed upon cotton piece goods produced on double width looms and then split a heavier duty than that upon similar cloth of the same width produced on single-width looms. This change operated to the disadvantage of British manufacturers, as it offset the economy of production on

156 By the piece or head, yards of cloth, boxes of matches, etc.
their wider looms. Both these classifications were made in general language and the effects were obvious only to those familiar with the technical processes of the textile industries. It is evident that neither of the changes made in 1902 and in 1906 violated the Spanish-American treaty of 1899, which established no standards and guaranteed the continuance of no classifications; the earlier change discriminated against a trade practice which may be characterized as none too reputable from the consumer's standpoint; the latter change was a protective measure based upon the theory of equalizing costs.

In 1907 the tariff regulations of Somalia changed the basis of valuation by requiring the addition of only 20 per cent instead of 40 per cent to the invoice value of goods whose valuation was not given in the official schedules of valuations. At that time and for at least some years thereafter these schedules omitted valuations for certain Italian products where the same foreign products were evaluated, and the change thus reduced by one-seventh the amount of the duty payable on Italian cottons and some other items, with no corresponding reduction on the foreign articles.

Administration of the regulations.—Two cases of discrimination in the administration of laws or regulations, apparently impartial, may be given. In Libia Italian goods have been systematically undervalued to the extent of 50 per cent, more or less. This undervaluation rests on nothing to be found in the laws or in the regulations, so far as they are available here, but the practice can hardly have escaped the attention of the Italian Government.

During the war trade and shipping were controlled very largely by administrative bodies guided only by most general grants of power by the legislative bodies. Since the cessation of hostilities this control has been considerably relaxed but in certain cases has been even extended. Thus at different periods since the armistice the importation of dyestuffs into India and other British colonies has been prohibited, except as licensed. Some of the orders to this effect contain no evidence of any intention to discriminate between British and foreign dyes, but the press in each case was able to state that "it was understood" that licenses would always be given for the shipment of British products. The preference here is obvious, though the amount is uncertain and likely to vary from time to time. Under a licensing system the future uncertainty is itself a factor considerably adverse to the foreign product, even though at any given time foreign dyes are being freely licensed.

XIII. Effects of Preferential Tariffs.

The effects of preferential tariffs upon the trade between the colony and the mother country can not with any certainty be separated from the effects of other factors which determine the course of trade. These other factors will be discussed below with particular reference to colonial trade. The more intangible factors, however, are relatively constant, and, except where trade is affected by abnormal circumstances—wars, crop failures, rapid

157 Some of the prohibitions have been suspended.
158 See p. 72.
159 Most subject to variation, perhaps, is the expenditure upon public improvements. These expenditures are often sufficiently great to increase noticeably colonial imports from the mother country in a given year or series of years. Investments, improved shipping connections, and banking facilities may also lead to comparatively sudden increases of trade.
changes of prices—changes in the previous course of trade development following immediately upon and in line with substantial changes in tariff rates may reasonably be attributed to the latter. But tariffs have long-run effects as well as immediate results, and the statistical presentation of the subject is full of difficulties. No complete study has been made of the trade of the colonies which have differential tariffs, but certain general conclusions, both negative and positive, have been reached.

Negatively it may be laid down that certain general comparisons can lead to no results or only misleading results. Thus the general comparison of assimilated and preferential colonies as a class with open-door colonies as a class yields no important results. Most of the open-door colonies are or were possessions of Great Britain, Germany, Holland, and Belgium, and there were special reasons why the merchants of each of these countries largely predominated in supplying the markets of its colonies. For instance, in 1913 Great Britain supplied over thirty per cent of the imports of China and of Argentina, and evidently a country which supplied so large a proportion of the manufactures consumed in neutral markets could scarcely fail to predominate in the trade of its own colonies, except where geographical or other factors were very strongly against it, as in Canada and some of the West Indies.

Similarly, a consideration of the total trade of a single colony in comparison with its tariff history may be quite misleading. The conclusion has sometimes been drawn from the steadily decreasing percentage of Canadian imports from Great Britain that the preferential tariff has been of no advantage to British manufacturers and merchants. The conclusion is quite unwarranted. The gross totals do indeed show that Canada's preferential tariff has not offset the effects of the geographical advantage of the United States which has increased with the growth of Western Canada and with the development of American industry; but an examination confined to those products in which there was in 1897, or has developed since, competition between Great Britain and the United States shows that the preferential tariff of Canada has in many lines checked the decline of British trade and has in some given the British a virtual monopoly of the Canadian market.

Positively, it may be laid down from general considerations that the tariffs enforced in the assimilated and in most of the preferential colonies can not fail to exert considerable influence on trade. In the assimilated colonies, the products of the mother country are protected by the same rates as in the home market; in the preferential colonies foreign manufactures are commonly met by tariff differentials of ten per cent, twenty per cent, and of even higher rates. While in particular cases high rates may not divert trade from foreign countries to the mother country, such systems of differential duties as are most commonly found to-day must have important effects.

While a most detailed study would be necessary to determine—as far as can be determined statistically—the exact effect of differential

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190 See pp. 38 (fn. 80), 74, and 91.
191 In the three years 1895-7 Canada imported less than twice as much from the United States as from Great Britain (averaging $161,000,000 and $93,000,000, respectively), while in 1911-13, after a dozen years of imperial preference, the figure had risen to more than three times as much (averaging $485,000,000 from the United States and $122,000,000 from Great Britain), and in 1918-19 to ten times ($747,000,000 and $73,000,000, respectively).
Colonial Tariff Policies.

Tariffs, some of the more striking tariff changes have produced effects which stand out clearly in the trade returns. Figures will be found in the chapters below showing the trade changes which followed certain modifications of customs duties on cotton textiles in Somalia and the Philippine Islands. Similar figures might have been presented for Madagascar and other French colonies showing how the adoption of the policy of tariff assimilation in 1892–1897 brought the trade of those colonies into the hands of French merchants.

To conclude: From general considerations, from the striking trade changes which have followed certain outstanding tariff changes in competitive articles like cotton textiles and from the trade changes which are concealed in the totals of the Canadian figures, but which are revealed by their closer examination, it follows that differential tariff rates in the colonies of the large industrial powers are one of the most important factors in the trade of these colonies. Accordingly, it must be expected that if introduced in those colonies where at present the open door is maintained, differential tariffs would prove to have like results upon their trade.

XIV. Factors Other Than the Tariff in Colonial Trade.

In the colonies, as elsewhere, the tariff is but one of the factors which determine the course and character of trade relations. Some of the "assimilated" colonies, offering to the manufacturer in the mother country the same protection that he receives in the home market, receive upwards of 80 per cent of their imports from the mother country, e.g., Algeria and Porto Rico. But on the average the proportion is perhaps not above 50 per cent, which is a less percentage than is found in certain cases where there is no discrimination in the tariff rates, but where the political and economic relations of the colony with the mother country have been exceptionally close, e.g., Java and the Congo.

In colonial markets the trade of foreign countries encounters the maximum of disadvantage in those cases where national goods enter free while other goods are subjected to the rates of the protective tariffs of the mother countries, applied in their entirety (as, for instance, in Formosa, Korea, and Porto Rico) or with relatively few exceptions (as, for instance, in the French assimilated colonies). But even in those cases foreign trade is not entirely excluded because, first, the mother countries can not supply all the products needed, or if they do, they must in turn have obtained a portion of what they supply from abroad; second, the colonial population, espe-

162 See pp. 409 and 597.
163 This generalization is made on the basis of existing situations. Protection might be afforded in the colonies at rates higher than those of the tariffs of the mother countries, in which case the disadvantage to foreign trade would be increased. On the other hand, free-trade countries like Great Britain or low-tariff countries like Belgium and Holland might assimilate the tariffs of their colonies to those of the mother country without subjecting to any disadvantage the trade of foreign countries.
164 In this case the trade of the colony with foreign countries is really greater than it appears in the figures. Foreign products which enter a colony by way of the mother country and which have paid duties there generally enter the colonies on the same basis as national products. Where the national products enter free, or practically so, and the national tariffs are the same or not much higher than the colonial, foreign goods may find that their most convenient route to a colony lies through the mother country. American goods are reported to have entered Libya in this way, aided by the undervaluation accorded to goods imported from Italy. It has been estimated that the Algerian customs lose one million francs annually through the importation of goods via France. Perhaps in some cases this trade may be detected in the statistics of the transit trade of the mother country.
pecially the natives, may not be able to afford the varieties and qualities of goods which are produced by the mother country—as is conspicuously the case in reference to textiles and many of the articles of luxury which France produces; and, third, the national tariffs do not exclude all foreign manufactures from the home market, and therefore can not exclude them from the colonies, in which certain conditions are comparatively favorable to the foreigner. When French, English, and German manufacturers attempt to compete with American it is evident that they will be at greater disadvantage in New England and Pennsylvania, where local manufacturers are put to relatively little expense for packing and freight, than, for instance, in Porto Rico. Competition between American and Japanese manufacturers in the Philippines offers a more effective example. The higher the freight rates in proportion to the value of a commodity the greater the effect of proximity as compared with that of tariff charges. This is illustrated in the trade of the United States with Canada and some of the West Indian islands, of Australia with New Caledonia, and in many less conspicuous cases. Closely related to geographical factors are effects of established shipping routes and lines of communication.

The trade of certain countries in certain colonies is affected favorably and that of others unfavorably by historic connections, including settlement colonization. Thus the presence of the Dutch in South Africa, of Italians in Tunis, of Spaniards in Algeria and Porto Rico, is comparatively unfavorable to the trade of the colonies which now govern those territories. In open-door colonies, where tariff discrimination is no longer a factor, historic considerations may noticeably influence the course of trade.165

For such reasons as these the mother country does not always dominate the trade of the colony, even though possessed of the advantage of such protection as is deemed adequate for the protection of the home market. But these cases are exceptional; the normal situation is that which may be described advantageously in explaining why so large a percentage of the trade of open-door colonies is with the mother countries. As far as the tariff factor is concerned, open-door colonies are neutral markets, and the question is therefore one phase of the more general question why certain countries have so prominent a share in the trade of certain neutral markets. In politically independent neutral markets geographical factors are likely to prevail where they favor one great industrial country,166 but the colonies are usually distant167 from the mother country, and political and sentimental factors are those which predominantly favor the mother country.

165 In the case of Mauritius and the Seychelles, now British, but a century ago French, the French share of the import trade in 1912 was 92 per cent in Mauritius and 15 per cent in the Seychelles; but if the imports from the British Empire be excluded the French share of the remainder is found to be 48 per cent and 86 per cent for the two colonies, respectively, and if to the trade of France be added that of the French colonies the percentages of the French contribution are increased to 69 per cent and 95 per cent for the two colonies, respectively—a striking contrast to 5 per cent in Ceylon and 4 per cent in British East Africa. In the same year more than one-half of the total exports of the Seychelles went to France.

166 Recently more than 90 per cent of Mexico's trade has been with the United States. The geographical is not the only factor—the American demand for sisal hemp is not due to proximity to Mexico. In the case of Canada geographical and other factors give a predominant share of the import trade to the United States in spite of a differential tariff.

167 The principal colonies which are nearer to the mother country than to its commercial rivals are Porto Rico, Korea, Formosa, Algeria, and Libya, and in all of them the mother country largely predominates in the import trade.
In the first place, the acquisition of colonies has frequently followed a previously established dominance in trade. This was probably true of all the territories annexed by the British between the Napoleonic wars and 1914. In some of the German colonies both the missionary and the trader preceded the flag. Again, in colonies earlier acquired and where the open door now prevails, the present freedom of trade was established only after preferential tariffs or more effective measures favorable to the trade of the mother country had long been in force. Thus in the days of the "culture system" the Dutch controlled the trade of Java almost absolutely; when the doors were opened the foreign merchant found the national products already popularized in the colonial market.

Even in a newly acquired open-door colony, where the merchants of the mother country have never enjoyed a tariff preference, the action of the Government may be of considerable importance in influencing the trade. In the development of these colonies the programs of public improvements are (or ought to be) relatively heavy. The regular maintenance of the Government also requires supplies in considerable quantities and of kinds which are not ordinarily produced locally. These are usually purchased in the mother country.\(^\text{168}\) Trade follows the flag partly because official supplies lead the way and continue to furnish a nucleus around which the trade may grow.

Shipping subsidies play an important part in colonial trade, and they are used by the colonial powers generally.\(^\text{169}\)

\(^{168}\) French colonial railroads, if subventioned as they generally are, require a special dispensation to use any foreign material or to make their importations in other than French vessels.

For the British Crown Colonies the Crown agents in London buy all the supplies not locally obtainable. A recent order directs them to buy in Canada whatever is not obtainable in Great Britain. In 1904–1906 the Crown agents expended an average of $125,000,000 a year. Their staff, not including the consulting engineers, numbers over 250 (Colonial Office List, 1920, p. XX). Under pressure from the colonial office the Government of Jamaica purchased in Canada locomotives which it could have obtained at a better price in the United States (The Times, Supplement, Oct. 4, 1910.) Supplies for India are purchased by the stores department of the India Office. A commission recently recommended a change by which the buying should be transferred to a central government office, which India, with the advice of a subsidy advisory board established for that purpose, should produce locally as far as possible and then forward the balance of the requisitions to London. (Board of Trade Journal, Aug. 7, 1919, p. 177.) See page 830 for the present source of the Government supplies in India. See Commerce Reports, Oct. 24, 1921, p. 491, in regard to the Crown Agents.

Government supplies imported into the Gold Coast in 1918 were valued at $885,000, or 0.6 per cent of the value of the commercial imports. The Union of South Africa imported about $10,000,000 worth, or over 4 per cent of the total imports (in this case Government supplies are included in the figures officially published as the total trade). The same year Government imports into Java and Madura were about $11,000,000, of which $3,452,000 were obtained in the United States (Commerce Reports, Feb. 3, 1920, p. 665).

The Netherlands maintain at The Hague a centralized buying agency for their colonies, with a branch office in New York.

Government stores are usually not included in the commercial statistics quoted, and the imports from the mother country are thus greater than the ordinary commercial figures show.

An unusual instance of Government control of trade is mentioned by W. H. Hooker in "The Handicap of British Trade" (London, 1916). In speaking of the practical monopoly which the Germans held on various articles of East African trade he says: "In cloves only the Germans could not obtain a practical monopoly, as 25 per cent of the clove crop is the main source of Zanzibar's revenue, and British officials certainly could not, and did not hand their holdings over to the Germans' tender mercies" (p. 57).

Yet there were complaints from France and British colonies before the war that German lines were giving better service than the national shipping and that trade was diverted in this way. The smaller the trade and the fewer the ships serving it the more important the question is, whether it is commercially, or strategically, e. g., in Italian discussions of the trade of Somalia. See Grosvenor M. Jones, Government Control of Merchant Shipping (Department of Commerce, Special Agents Series, No. 110, p. 21) for subventions paid by countries to their shipping lines.

Not all the Government regulations in regard to navigation, however, are in aid of trade. Some are to promote shipping and do so at the expense of trade relations between the colony and mother country. Thus the restriction of colonial trade to national shipping may raise freight rates and tend to drive the colony produce elsewhere and to give competitors a better chance in the colony. For this, among other reasons, the American law extending the coastwise shipping regulations to the Philippines has not been put in force. The French requirement of direct transportation for all products

\(^{169}\) French colonial powers, for the time being, generally maintain a colonial railway system. The railways are not always state owned and controlled, but in the Philippines the government maintains the railways, and in French Indochina the railways are under government control.
INTRODUCTION AND SUMMARY.

Railroads have had a greater influence in increasing the amount of colonial trade and a smaller influence in controlling its direction than has shipping. But the east and west railroads of Canada have facilitated trade with Great Britain rather than with the United States; and there is international railway competition for the trade of the Transvaal, Rhodesia, and the rich Katanga region of the southern Congo. The British Imperialists have emphasized cable communications and rejoiced in the laying of each "all-red" cable. Most of the powers have been promptly active in extending systems of wireless telegraphy in their colonies. The imperial penny postage rate, adopted by the most of the British colonies in 1898 and 1899, had its commercial aspect.\textsuperscript{170}

Probably more important are the social-economic influences promoting trade between mother country and colony. First of all among these influences must be placed the possession of a common language. This bond is strongest in the settlement colonies; but elsewhere also the prevailing foreign language is that of the mother country, with some exceptions.\textsuperscript{171} If there is immigration, it is normally greatest from the mother country,\textsuperscript{172} and in any case in all the dependent colonies there is a stream of officials, with frequently military and naval units, constantly tending to maintain in the colony the standard of living, the tastes, and the styles of the mother country. From tropical colonies, the permanent civil-service personnel, the missionaries and the planters practically all go home on leave periodically;\textsuperscript{173} and children are sent home at an early age and for long periods. The colonists settled in more healthful latitudes, maintain less regular and extensive intercourse with the mother country, but in many cases entertain a greater number of casual travelers from that country.

From the earliest period of the modern colonial movement branch agencies, depots, or "factories" of large trading concerns have played benefiting by the minimum tariff may have a like effect in some cases. Mozambique attempts to guard against this by granting a differential export duty to products billed for Portugal in national ships only as long as these ships charge no higher freight rates than their competitors.\textsuperscript{174} A monopoly in the export trade of the British colony, Malaya, has resulted in the doubling of the imperial postage rate.

\textsuperscript{170} Italian prevails in Tunis and Malta, Greek in Cyprus, (pidgin) English in the Bismarck Archipelago and in part of Camerun. Until a few years ago all the official correspondence, records, etc., in Egypt were in French, as the Journal Officiel continues to be. The Egyptian census of 1907 showed 14,500 French residents, 20,000 British, 35,000 Italians, and 63,000 Greeks. On the Lower Congo, Portuguese was the dominant language before the founding of the Congo Free State (and perhaps is still), while the English, the French, and the Dutch had practically all the trade.\textsuperscript{175} In immigration into Canada the numbers from the United States exceeded those from the United Kingdom in 1808-9, 1909-10, and during the war, and were but little behind the latter in 1910-1912, but the American immigration included numerous Americanized Canadians and numerous un-Americanized Europeans. (Husband, W. W., in American Economic Review, Supplement, March, 1912, p. 79.)

\textsuperscript{171} In Zanzibar, Chinese and Indian immigration is having a considerable effect upon commerce. In Zanzibar and Kenya and former German East Africa much of the trade is carried on in the East Indian Gujarati language (Hooker, op. cit., p. 62). The Dutch East Indies were estimated in 1917 to contain 130,000 Europeans, and 853,000 Orientals, chiefly Chinese and Arabs. In the Straits Settlements and the Federated Malay Straits the native Malays outnumber the immigrant Indians only 3 to 1 and are actually outnumbered by the Chinese. Numerous Chinese are found also in the other Malay States, especially in Johore and Redan. In the Philippines the permanent settlement of Chinese has been forbidden since 1902, but the Chinese outnumber the Americans and Europeans. In Guam 104 of the 220 permanent non-native residents are Japanese and Japanese trade shows a large increase (1918).

\textsuperscript{172} In British West Africa officials and merchants usually stay only a year at a time; elsewhere the "turns" are longer, and many missionaries return only every seventh year.
an important part in colonial trade. Originally these were located in “unoccupied” or in national territories, and it continues to be the rule that large trading firms tend to establish their branches first in the colonies of their own country. The same is true of banks, and much of the banking in colonies is carried on by branches of national banks.\(^{174}\) These financial and trade connections with the mother country are very important in forming and maintaining trade channels.

The investment of national capital is also very important. Investment in railroads, for instance, leads not only to large orders for the initial equipment but also to a continued trade in materials and equipment for extensions, maintenance, and repairs uniform with the original installation.\(^{175}\) The immediate control of the purchase of supplies may remain with the capitalists in the mother country.\(^{176}\) Orders are frequently sent to the mother country because the colonial civil and mining engineers, architects, managers of industrial and commercial establishments, even when they are colonials, have received their training in the mother country and are familiar with the standards, the practices, and the equipment used there.

All the factors which inspire interest and confidence in investors are apt to operate much more strongly in the mother country than among foreigners. The early history of the Congo offers a notable instance. In many cases ex-officials of the colonies have been prominent in the organization of companies to develop those colonies. If concessions are being given, even if there is no intentional discrimination, the nationals are most apt to have the information and the interest and the faith necessary for participation in the enterprises. Governmental action may play a part in the operation of these factors; there may be discrimination in the granting of concessions and in such points as the listing of securities which are open to the investment of trust funds,\(^{177}\) or which may be quoted on the national bourse.\(^{178}\)

While the export and import trades are often closely associated, on the whole the colonial powers do not occupy a position of such prominence in the export trade of their colonies as in the import trade. In some cases this may be explained partially by the absence or the smaller amounts of the tariff differentials affecting these two trades (see p. 51), but the same condition is found also in India and other open-door colonies. A further explanation seems to be that the industrial countries have emphasized their export trade and have not invoked in favor of their import trade the same interest, attention.

\(^{174}\) Or of colonial banks—e. g., in Newfoundland and the British West Indies branches of Canadian banks; or in Oceania of Australian and New Zealand banks.

\(^{175}\) The statements in this paragraph are regarding tendencies, and of course there are numerous exceptions. Investments of capital in colonies may develop trade with another country—e. g., British capital in Canada has increased the demand for machinery, etc., from the United States. German commercial houses had established themselves in British colonies before any German colonies existed.

\(^{176}\) “A very large proportion of the requirements of these industries [Indian cotton and jute mills, engineering works, collieries, and various small industries], particularly in Bengal, where the firms of managing agents are usually British, is purchased through the London office of the managing agents, and this largely accounts for the predominant position of British suppliers in the trade before the war.” Board of Trade Journal, Aug. 7, 1919, p. 177.

\(^{177}\) As is the case in Great Britain. Proposed legislation in Great Britain would give relief to investors in colonial enterprises from the double income tax which now frequently falls on those who invest money outside of their own countries.

\(^{178}\) As is the case in France.
and financial machinery. Many a zealous colonist who would give a conscious preference to the mother country in purchasing supplies sells the produce of his plantation to the highest bidder with hardly a thought of his nationality or the destination of the products. 179 The colonies produce so large a proportion of the exportable surplus of many articles that many countries must each take a share of their exports indirectly if not directly. A colony of one of the big industrial nations can obtain from the mother country practically all that it needs in the way of manufactures, but the whole world is dependent on India for jute and lac, on the French colonies for vanilla, on Formosa for camphor, on the Philippines for manila, and unless serious obstacles are put in the way these articles will go more or less directly from the colonies to many parts of the world.

These various factors, political, economic, and social, have a cumulative effect. Some of them are strongest in the newest colonies, and the trade currents established at the outset tend to become fixed. But these factors are not so strong that they automatically throw a monopoly of the trade into the hands of the national merchants. 180 They simply give to the national commercial interests and enterprises advantages which may be overcome by foreign competitors who are able and willing to apply themselves with superior zeal and better methods. The geographical and other points mentioned above must be considered. Trade habits and the action of various trade factors may tend to the disadvantage as well as to the advantage of the mother country. The colony may develop resources whose natural outlet is in foreign countries. The development of the rubber plantations of Malaya and of the mineral resources of Algeria has led to decreases in the percentage of exports to the mother countries. During the war the United States became the market for the copra of the Pacific Islands, and the return cargoes gave Americans an increased hold on the markets of those islands for manufactured goods. The value of an assured market for palm kernals in Germany was formerly a factor in preventing Great Britain from establishing a palm kernal crushing industry. Canadian furs were sent unfinished to Germany and one of the largest items of Canadian import from Germany was finished furs. Normally, however, there is a sufficient market in the mother country, at least as an entrepot, and the language, the habits of immigrants and officials, the investment of capital, the mercantile organization, the banking and shipping facilities all tend to reinforce one another and to promote the trade between the colony and the mother country.

179 Compare the statement of Prime Minister Hughes, of Australia, that he is not opposed to selling to the ex-enemy countries, but only to buying from them. (The Times Trade Supplement, Nov. 13, 1920, p. 202.)

180 The acquisition of political ascendancy in a given region is not necessarily followed by any increase in the percentage of trade falling to the dominant country. Great Britain's share in the import trade of Egypt decreased in the decade following the British occupation (Milner, England in Egypt, 1903, p. 293) and has continued to decrease. The percentages are: 1881, 57 per cent; 1891, 54 per cent; 1901, 36.5 per cent; 1913, 50.4 per cent. But since Egypt's trade has been growing rapidly the smaller percentage of trade in 1913 was half again as valuable as was the larger percentage in 1901 (the figures being £5,568,000 and £2,496,000), and it is similarly much greater than was 57 per cent of the trade of 1881. Here, as in India, the rise of other industrial nations has cut into the semimonopoly at one time possessed by the British, but has not prevented a great expansion in the absolute amount of British trade. The annexation of Hawaii did not increase the share of the United States in the import trade of that territory. (Reciprocity and Commercial Treaties, p. 194.)
XV. The Outlook in regard to Preferential Tariffs.

The open-door policy, whether pursued as a freely adopted national policy or continued in accordance with treaty obligations, has been losing ground steadily for 20 years or more. Open-door agreements since 1900 have consisted of making more definite or reaffirming old guarantees for equality of treatment. "The conference of Algeciras in 1906 resulted merely in an elaboration of an open-door régime which had existed in Morocco for decades, and the Japanese pledge of 1910 in regard to Korea was simply to maintain for 10 years the status quo. Likewise the Anglo-French agreement of 1906, relating to the New Hebrides, followed earlier treaties, of which the first had been made in 1878, and the open-door provision of the Anglo-German-American treaty of 1899 in regard to Samoa repeated in effect a provision of the treaty of 1889. The treaty of Versailles and the covenant of the League of Nations explicitly provided for the open door only in central Africa, where it had long been maintained in accordance with the general act of the conference of Berlin and the Anglo-German declarations of the same year. 181

"Furthermore, the principle of the maintenance of the open door in colonial possessions has been positively weakened in the last score of years. In 1896-97 the powers abandoned their right to the open door in Tunis and the last treaty restriction upon the assimilation of this territory was denounced in 1919. In 1905 the Italians abolished the open-door régime in Somalia in defiance of the act of Berlin. In 1909 the provision for the equal treatment of Spanish and American commerce in the Philippines expired. In 1912 the French protectorate over Morocco was recognized—a recognition which, however guarded, has led the French to feel that the situation has been fundamentally altered and to hope that the history of Tunis may be repeated." The year 1920 saw the expiration of Japan's pledge to maintain the status quo in Korea. The recent peace treaty with Germany apparently swept away the obligations of the Anglo-German declarations, 1855-1886, relative to the territories situated on the Gulf of Guinea and to the islands of the Pacific Ocean. 182 In South-West Africa and Western Samoa differential tariffs have since been imposed. The peace treaty further deprived the Germans of their right to most-favored-nation treatment in Morocco, and this has been interpreted in France as foreshadowing the general recognition by the powers of a right on the part of the French to grant her citizens special tariff favors in Morocco. 183

In this period in which have terminated so many treaty obligations in respect to the open door, the establishing of preferential tariffs has been going on steadily. 184 In fact, since 1890 the whole

181 The treaty of Versailles perhaps implies an obligation to maintain the open door in the ex-Turkish territories; here the powers had not only enjoyed equal treatment but had had the benefit of the limited rate of import duties. See appendix to Chapter IV for a discussion of the mandated territories.

182 And the rights of Germany, but of course not those of the United States, under the Anglo-German-American treaty of 1899. See pp. 277, 576, and 577.

183 The French argument is that the other powers in assenting to the abolition of the German rights in Morocco implicitly assented to the renunciation of their own rights. See Chapter III, p. 206.

184 The Republic of Portugal has held the Portuguese colonies with a somewhat looser rein than did the monarchy, but the fundamental colonial law still requires a differential of at least 50 per cent in colonial import duties. The French have taken St. Pierre and Miquelon from the list of assimilated colonies and established a special tariff in which the preferences are less than formerly. In a few other isolated instances differential colonial tariff rates have been decreased, but on the whole the tendency has been decidedly in the other direction.
preferential system may be said to have revived after a lapse of half a century. The protectionist reaction from the free-trade movement of the middle of the nineteenth century was in full swing in the late seventies, but it was not until the early nineties that it made its full appearance in the colonial tariffs of France, Spain, and Portugal. Of these countries, France is by far the most important colonial power, and France has not ceased to increase the tariff preferences which bind her and her colonies. Italy introduced preferences in 1905 in Somalia and later in Libya. Japan assimilated the tariffs of Formosa in 1909 and of Korea in 1920. In the British Empire the reestablishing of preferential tariffs has been effected entirely since 1897. While the motives which have induced the Dominions to adopt these preferences are mixed, and while protection is generally the principal object, the variety and amounts of the preference have on the whole steadily grown, and if Great Britain’s enforcement of the preferential policy (1919) proves to be the beginning of a permanent change of policy, any chance that the Dominions might reverse their policy has apparently disappeared. Before 1913 there were, with only one important exception no preferences either in India or in the numerous Crown colonies. In 1913 half of the West Indies adopted a preferential system, and with the close of the war they have been followed by the other colonies of the West Indian group, and by Cyprus while a few examples of the most extreme form of restrictions have been established in India and in the West African Colonies. The maintenance by the British Imperial Government of a preferential tariff policy can scarcely fail to lead to the extension of such a policy among the Crown colonies. The war reenforced the spirit both of nationalism and of imperialism. The fiscal needs of the Government and the depression of industry alike suggest the exploitation of this spirit by the raising of tariffs and the enforcement of new or increased differentials.

The era of colonial expansion is apparently not yet ended. The annexation of new territory continues, as well as the conversion of spheres of influence into protectorates and of protectorates into colonies. The chief acquisitions in recent times and the most probable acquisitions for the future have been and probably will be made by those powers which pursue the most exclusive trade policies, or by the British, who show signs of abandoning their free-trade and open-door tariff policy.

The greater part of the world has already been occupied by the colonial powers, but there remain territories whose continued independence is in doubt—notably Persia, Afghanistan, Tibet, Abyssinia, and Liberia. Japan has already an economic hold upon Southern Manchuria, is making claims on Eastern Inner Mongolia, is advancing in China proper, and her future relations with Siberia remain unsettled.

185 Except Bermuda, whose legislature declined to ratify the agreement with Canada.
186 And by Fiji on Jan. 1, 1922.
PART I.

CHAPTER II.

COLONIAL TARIFF POLICY OF BELGIUM.

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PART I.—THE CONGO FREE STATE.

I. INTRODUCTION.

THE FORMATION OF THE CONGO FREE STATE.

EARLY EXPLORATION.

Even before the discovery of the mouth of the Congo River in 1483, the Portuguese claimed a monopoly of trade on the west coast of Africa. The daring merchants of the next two centuries, however, paid little attention to the Portuguese claims; frequent conflicts resulted; and between 1641 and 1667 the Portuguese were constrained...
to recognize in treaties with the Dutch, English, and French,1 certain rights of trade for foreigners. In the treaties of 1842 and 1854, between Portugal and Great Britain, appear old forms of the most-favored-nation clause, stipulations that the duties should be no "greater or more grievous than those which shall be demanded from other nations in league with the King of Portugal" and that the English should be permitted to trade "with the same freedom as formerly, and the same that was ever granted by any treaty heretofore, or shall hereafter be granted to the inhabitants of any other nation."2 A treaty of 1810 with Great Britain limited the Portuguese colonial tariffs to 15 per cent. From this treaty and that of 1815 with the same power, and from that of 1786 with France, it appears that Portugal had abandoned the claim to exclusive trade rights north of the Congo and including the mouth of that river, and that, while France disclaimed the territory for herself, neither France nor England recognized the Portuguese claims to the region just north and south of the Congo's mouth, a territory which came to be defined as extending from 5° 12' to 8° south latitude.3 The English, who objected to the Portuguese commercial policy and to their lack of zeal in suppressing the slave trade, consistently refused to recognize this territory as Portuguese, and even threatened to oppose by force its occupation.4

During the early part of the nineteenth century and until the Franco-Prussian War of 1870, Great Britain and France alone had taken any interest in expanding their possessions in Africa, but their progress was insignificant compared to that which took place after the real scramble for territory began. For a score of years the interest of geographers and explorers in Central Africa had been rapidly increasing, but the event that attracted the attention of the whole world and really initiated the territorial scramble was Stanley's descent of the Congo. Stanley emerged from the mouth of this river on the west coast of Africa in August of 1877.5 But as early as September, 1876, Leopold II, King of the Belgians, had summoned a conference of geographers and philanthropists at Brussels, and had organized the Association Internationale pour l'Exploration et la Civilisation de l'Afrique Centrale. This soon became known as the Association Internationale Africaine, or the A. I. A.6 The international organization was a complex of national committees and the societies which supported them, and it retired more and more into the background, since—

the Belgian national committee was the only one which devoted itself seriously to the work. It alone collected greater funds than all the other national committees. It alone displayed real activity, so that, little by little, the International African Association came to be considered a Belgian society.7

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At the meeting of 1877 Leopold consented to serve a second term as president, but positively refused to allow the International Association to use the Belgian flag.8

In 1878 Leopold organized the Comité d'Études du Haut-Congo. This organization soon became indistinguishable from the Association Internationale Africaine,8 which was another of Leopold's organizations and with even less title to the term international. As the agent of the Comité, Stanley went back to the Congo and in August, 1879, began to construct a great central African State. He built a road around Stanley Falls, placed half a dozen stations in the lower basin, and then returned in 1882 to tell the association that the country was "not worth a two-shilling piece" unless they could make treaties with the chiefs and establish themselves as a political power. Some writers say that Leopold's chief concern was originally humanitarian, but that the international situation soon forced him into territorial ambitions to safeguard the work he was doing at such heavy personal expense. Whether this be the case or whether Leopold had believed that the future of Belgium depended on founding a colony,11 Stanley was sent back to begin a very active and successful campaign to get treaties from the native chiefs. Most of the available texts of these treaties (though not those signed by the greatest number of chiefs) show that the chiefs granted to the association special rights of trade and communication, including in many cases the right to collect tolls or to exclude others from the country altogether.12

In the meantime the French had been exploring the valley of the Ogowé and had advanced to Stanley Pool from the north. The Portuguese, alleging a desire to stop this French advance, though it had not come south of 5° 12' and the Portuguese territorial claims were endangered rather by the African association than by France, opened negotiations with Great Britain in November of 1882 for the recognition of this territory, including the Congo mouth, as Portuguese. It was not until February, 1884, that Portugal and England came to agreement upon the terms of a treaty. By the ratification of its provisions Portuguese ownership of the disputed territory would have been recognized, but only as far inland as the coast tribes extended, and on the Congo only to Nokki, leaving the territory beyond to the Association Internationale Africaine.

Calling of the Conference of Berlin.

This Anglo-Portuguese treaty met with great opposition, both in England and on the Continent. In England this was due chiefly to objections on the part of the traders engaged in the Congo region to Portuguese imposition of duties where none had existed before.

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On the Continent it was urged that Great Britain had arrogated to herself the settlement of a question properly international. Portuguese duties would interfere with trade, it was said; Portuguese control would prevent the establishment of the Association Internationale Africaine and the legitimate expansion of French influence. Naturally these last two objections were chiefly those of Leopold and of France. Portugal finally sought, by suggesting a revision so as to permit the establishment of an international commission for the regulation of navigation on the Congo, to secure general recognition of the treaty, but Bismarck enlisted French support and called the conference of Berlin.

The conference of Berlin lasted from November, 1884, to February, 1885. Territorial questions were formally excluded from its program, but before its sessions ended the issues affecting the Portuguese and French claims in the western Congo basin and those of the International Association had been determined, and at its last session the conference formally welcomed the Congo State as a member of the family of nations. Nearly a year before this the United States had by treaty recognized the flag of the International Association as that of a friendly Government. Germany had recognized the "State to be created," shortly before the conference met. Portuguese claims, formerly derided, were admitted by the conference, as far up as the south bank of the river. France obtained the valley of Niari-Kwili, though it was dotted with stations of the International Association; but the north bank of the Congo River and most of the vast interior basin were turned over to the new Independent State of the Congo, better known in the United States as the Congo Free State.

The work of the Berlin conference was to prescribe freedom of commerce within the vast district known as the Conventional Basin of the Congo, and including considerable territory not within the boundaries of the Congo State. The provisions are discussed under the heading "Tariff History."

II. Government and Making of Tariffs.

The history of the Congo since 1885 falls into two parts: Up to November 15, 1908, there was the Congo Free State, which was entirely independent of Belgium, though both States had the same sovereign; since that day there has been the Belgian Congo, which is possessed as a colony of Belgium in the same manner as other colonies are possessed by other European States. The government of the Congo during the first period only is dealt with at this point.

Naturally the Belgian cabinet and parliament had no authority whatever in the "Independent State of the Congo." M. Vander-vele initiated a debate on the government of the Congo, in 1903, but until the question of annexation was taken up seriously in 1906 the Belgian Legislature had had no connection with the Congo State except in the voting of loans to it, $30,000,000 in 1887, $5,000,000 in 1890, and $10,000,000 in 1901.13

King Leopold governed the Congo with the authority of an absolute autocrat, although it was necessary for him to rely upon subor-

13 The loan agreement of 1890 gave to Belgium a certain negative control of the finances of the Congo State and an option on taking over the Belgian Congo at the end of 10 years.
colonial tariff policies.

dinates for much of the administration. There were always associated with him one or more ministers or secretaries in Brussels, and there was a governor general or administrator general in the Congo itself who supervised the execution of decrees and who was authorized in some cases to suspend their operation. These ministers, however, had no official position in the Belgian Government, there was no ministerial responsibility, and the King was the real center of power. 14

III. Tariff History.

The tariff history of the Congo Free State is almost entirely a history of treaty provisions. The earliest recognitions of the Congo State were associated with declarations or agreements on its part that it would levy no import duties, and this free-trade régime was established for it and for certain neighboring territories by the final act of the conference of Berlin, signed and ratified by 14 Governments.

GENERAL TARIFF REGULATIONS.

CONVENTION WITH UNITED STATES, APRIL 22, 1884.

The Government of the United States was first to recognize the "International Association of the Congo" as a "friendly Government." By declarations exchanged April 22, 1884, the Association declared of the territory ceded to it "for the use and benefit of free States established and being established":

That the said association and the said States have resolved to levy no customhouse duties upon goods or articles of merchandise imported into their territories or brought by the route which has been constructed around the Congo cataracts: this they have done with a view of enabling commerce to penetrate into Equatorial Africa.

That they guarantee to foreigners settling in their territories the right to purchase, sell, or lease lands and buildings situated therein, to establish commercial houses, and to there carry on trade upon the sole condition that they shall obey the laws. They pledge themselves, moreover, never to grant to the citizens of one nation any advantages without immediately extending the same to the citizens of all other nations, and to do all in their power to prevent the slave trade. 15

CONVENTION WITH GERMANY, NOVEMBER 5, 1884.

The German Government made a convention with the International Association, signing it just before the opening of the conference of Berlin and soon thereafter ratifying it, facts not generally known for some time. By this convention—

I. The International Association of the Congo engages to levy no duty upon articles or merchandise imported directly or in transit into its possessions, present and future, in the basins of the Congo and Niazi-Kwilu [Niari-Kwilu], or in its possessions on the Atlantic coast. This freedom from duty extends specifically to merchandise and articles of commerce which are transported by the roads which are established around the cataracts of the Congo.

II. The subjects of the German Empire have the right to sojourn and to establish themselves upon the territories of the Association. They will be treated upon the same footing as the subjects of the most-favored nation, including the inhabitants of the country, in all that concerns the protection of their persons and their goods, the free exercise of their religions, the prosecution

and defense of their rights, as well as in relation to navigation, commerce, and industry. Particularly they will have the right to buy, to sell, and to lease lands and edifices situated upon the territory of the association, to found houses of commerce there, and to carry on commerce or coasting trade there under the German flag.  

CONVENTION WITH GREAT BRITAIN, DECEMBER 16, 1854.

Similar treaties were made with a number of other powers, that with Great Britain specifying that British subjects should have the right of buying, of selling, of letting, and of hiring lands and buildings, mines, and forests situated within the said territories, and of founding houses of commerce, and of carrying on commerce and a coasting trade under the British flag.  

THE GENERAL ACT OF THE CONFERENCE OF BERLIN, FEBRUARY 26, 1885.

The general act of the conference of Berlin established detailed provisions for freedom of trade and navigation in the Conventional Basin of the Congo, including all of the Congo State.

Articles of this act read as follows:

CHAPTER I.—DECLARATION RELATIVE TO FREEDOM OF TRADE IN THE BASIN OF THE CONGO, ITS MOUTHS AND CIRCUMJACENT REGIONS, WITH OTHER PROVISIONS CONNECTED THEREWITH.

ARTICLE 1. The trade of all nations shall enjoy complete freedom—

1. In all the regions forming the basin of the Congo and its outlets. This basin is bounded by the watersheds (or mountain ridges) of the adjacent basins, namely, in particular, those of the Niari, the Ogowé, the Schari, and the Nile, on the north; by the eastern watershed line of the affluents of Lake Tanganyika on the east; and by the watersheds of the basins of the Zambesi and the Loge on the south. It therefore comprises all the regions watered by the Congo and its affluents, including Lake Tanganyika, with its eastern tributaries.

2. In the maritime zone extending along the Atlantic Ocean from the parallel situated in 2° 30' of south latitude to the mouth of the Loge.

The northern boundary will follow the parallel situated in 2° 30' from the coast to the point where it meets the geographical basin of the Congo, avoiding the basin of the Ogowé, to which the provisions of the present act do not apply.

The southern boundary will follow the course of the Loge to its source, and thence pass eastwards till it joins the geographical basin of the Congo.

3. In the zone stretching eastwards from the Congo Basin, as above defined, to the Indian Ocean from 5 degrees of north latitude to the mouth of the Zambesi in the south, from which point the line of demarcation will ascend the Zambesi to 5 miles above its confluence with the Shire, and then follow the watershed between the affluents of Lake Nyassa and those of the Zambesi, till at last it reaches the watershed between the waters of the Zambesi and the Congo.

It is expressly recognized that in extending the principle of free trade to this eastern zone the conference powers only undertake engagements for themselves, and that in the territories belonging to an independent sovereign State this principle shall only be applicable in so far as it is approved by such State. But the powers agree to use their good offices with the Governments established on the African shore of the Indian Ocean for the purpose of obtaining such approval, and in any case of securing the most favourable conditions to the transit (traffic) of all nations. [The adhesion of Zanzibar was obtained.]

Arr. 2. All flags, without distinction of nationality, shall have free access to the whole of the coast line of the territories above enumerated, to the rivers there running into the sea, to all the waters of the Congo and its affluents, including the lakes, and to all the ports situate on the banks of these waters, as well as to all canals which may in future be constructed with intent to unite the watercourses or lakes within the entire area of the territories described in article 1. Those trading under such flags

20 The Portuguese made a reservation by which the free trade provisions of the treaty did not apply to their territory in East Africa north of the Zambesi.
may engage in all sorts of transport, and carry on the coasting trade by sea and river, as well as boat traffic, on the same footing as if they were subjects.

Art. 3. Wares, of whatever origin, imported into these regions, under whatsoever flag, by sea or river, or overland, shall be subject to no other taxes than such as may be levied as fair compensation for expenditure in the interests of trade, and which for this reason must be equally borne by the subjects themselves and by foreigners of all nationalities. All differential dues on vessels, as well as on merchandise, are forbidden.

Art. 4. Merchandise imported into these regions shall remain free from import and transit dues. The powers reserve to themselves to determine after the lapse of 20 years whether this freedom of import shall be retained or not.

Art. 5. No power which exercises or shall exercise sovereign rights in the above-mentioned regions shall be allowed to grant therein a monopoly or favor of any kind in matters of trade.

Foreigners, without distinction, shall enjoy protection of their persons and property, as well as the right of acquiring and transferring movable and immovable possessions, and national rights and treatment in the exercise of their professions.

(Provisions relative to protection of the natives, of missionaries and travellers, as well as relative to religious liberty.)

Art. 6. Freedom of conscience and religious toleration are expressly guaranteed to the natives, no less than to subjects and to foreigners. The free and public exercise of all forms of divine worship, and the right to build edifices for religious purposes, and to organize religious missions belonging to all creeds, shall not be limited or fettered in any way whatsoever.

CHAPTER IV.—ACT OF NAVIGATION FOR THE CONGO.

Art. 13. The navigation of the Congo, without excepting any of its branches or outlets, is, and shall remain, free for the merchant ships of all nations equally, whether carrying cargo or ballast, for the transport of goods or passengers. It shall be regulated by the provisions of this act of navigation, and by the rules to be made in pursuance thereof.

In the exercise of this navigation the subjects and flags of all nations shall in all respects be treated on a footing of perfect equality, not only for the direct navigation from the open sea to the inland ports of the Congo, and vice versa, but also for the great and small coasting trade, and for boat traffic on the course of the river.

Consequently, on all the course and mouths of the Congo there will be no distinction made between the subjects of Riverain States and those of non-Riverain States, and no exclusive privilege of navigation will be conceded to companies, corporations, or private persons whatsoever.

These provisions are recognized by the signatory powers as becoming henceforth a part of international law.

Art. 14. The navigation of the Congo shall not be subject to any restriction or obligation which is not expressly stipulated by the present act. It shall not be exposed to any landing dues, to any station or depot tax, or to any charge for breaking bulk, or for compulsory entry into port.

In all the extent of the Congo the ships and goods in process of transit on the river shall be submitted to no transit dues, whatever their starting place or destination.

1. Harbour dues on certain local establishments, such as wharves, warehouses, etc., if actually used.

The tariff of such dues shall be framed according to the cost of constructing and maintaining the said local establishments, and it will be applied without regard to whence vessels come or what they are loaded with.

2. Pilot dues for those stretches of the river where it may be necessary to establish properly qualified pilots.

The tariff of these dues shall be fixed and calculated in proportion to the services rendered.

3. Charges raised to cover technical and administrative expenses incurred in the general interest of navigation, including lighthouse, beacon, and buoy duties.

The last-mentioned dues shall be based on the tonnage of vessels as shown by the ship's papers, and in accordance with the rules adopted on the lower Danube.

* Modified for import duties in 1890. See p. 57.
The tariffs by which the various dues and taxes enumerated in the three preceding paragraphs shall be levied shall not involve any differential treatment, and shall be officially published at each port.

The powers reserve to themselves to consider, after the lapse of five years, whether it may be necessary to revise, by common accord, the above-mentioned tariffs.

Art. 15. The affluents of the Congo shall in all respects be subject to the same rules as the river of which they are tributaries.

And the same rules shall apply to the streams and river as well as the lakes and canals in the territories defined in paragraphs 2 and 3 of article 1. * * *

Art. 16. The roads, railways, or lateral canals which may be constructed with the special object of obviating the innavigability or correcting the imperfection of the river route on certain sections of the course of the Congo, its affluents, and other waterways placed under a similar system, as laid down in article 15, shall be considered, in their quality of means of communication, as dependencies of this river, and as equally open to the traffic of all nations.

And, as on the river itself, so there shall be collected on these roads, railways, and canals only tolls calculated on the cost of construction, maintenance, and management, and on the profits due to the promoters.

As regards the tariff of these tolls, strangers and the natives of the respective territories shall be treated on a footing of perfect equality. * * * 20

DECLARATION OF BRUSSELS ANTIMSLAVERY CONFERENCE, JULY 2, 1890.

The next important document in the tariff history of the Congo is the treaty of Brussels, together with the declaration affixed to that treaty, of July 2, 1890. The treaty itself included provisions regarding the taxation of liquors and the importation of arms (see p. 89); the additional declaration reads in part:

The signatory or adhering powers who have possessions or protectorates in the said conventional basin of the Congo are authorized, so far as they require any authority for the purpose, to establish therein duties upon imported goods, the scale of which shall not exceed a rate equivalent to 10 per cent "ad valorem" at the port of entry, always excepting spirituous liquors, which are regulated by the provisions of Chapter VI of the general act of this day.

After the signature of the said general act, negotiations shall be opened between the powers who have ratified the general act of Berlin or who have adhered to it, in order to draw up, within the maximum limit of 10 per cent "ad valorem," the conditions of the customs system to be established in the conventional basin of the Congo.

Nevertheless, it is understood:
1. That no differential treatment or transit duty shall be established.
2. That in applying the customs system which may be agreed upon, each power will undertake to simplify formalities as much as possible, and to facilitate trade operations.
3. That the arrangement resulting from the proposed negotiations shall remain in force for 15 years from the signature of the present declaration.

At the expiration of this period, and failing a fresh agreement, the contracting powers shall return to the conditions provided for by Article IV of the general act of Berlin, retaining the power of imposing duties up to a maximum of 10 per cent upon goods imported into the conventional basin of the Congo.

The ratifications of the present declaration shall be exchanged at the same time as those of the general act of this day. 21

Since the 15 years 22 mentioned in the declaration has expired and since certain writers have carelessly assumed that the whole treaty had thereby expired, attention may be called to the clearness with which the treaty of 1885 (art. 4) and the additional act of 1890 restrict the prospective revision and the revision actually made to the sole point of the rate of the import duties and carefully leave untouched the obligations in respect to freedom of transit, freedom of

21 Ibid., vol. 19, p. 304.
22 The number was evidently selected in order to coincide with the 20 years mentioned in Article IV of the general act of Berlin, 1885.
access to and navigation on the inland waterways, and freedom from discriminatory charges of whatever sort.\(^2\)

**TREATY WITH THE UNITED STATES, JANUARY 24, 1891.**

Since the United States had not ratified the act of Berlin, and since the United States and the Congo State had a special treaty guaranteeing entry to American goods without import duties, it was necessary that a separate treaty be made, the United States therein consenting to the 10 per cent import duty. Such a treaty was signed January 24, 1891, but as its obligation was contingent upon the ratification of the general act of Brussels, and, as the ratification of that act was delayed by the Dutch, this treaty was not proclaimed in force until April 2, 1892.\(^2\)

Articles X and XI of this treaty contain the substance of the Brussels declaration of July 2, 1890, and bring out clearly that the time limit of 15 years did not relate to the guarantee that no differential duty would be introduced.

**Art. X.** The Republic of the United States of America, recognizing that it is just and necessary to facilitate to the Independent State of the Congo the accomplishment of the obligations which it has contracted by virtue of the general act of Brussels of July 2, 1890, admits, so far as it is concerned, that import duties may be collected upon merchandise imported into the said State.

The tariff of these duties can not go beyond 10 per cent of the value of the merchandise at the port of importation, during 15 years to date from July 2, 1890, except for spirits, which are regulated by the provisions of Chapter VI of the general act of Brussels.

At the expiration of this term of 15 years, and in default of a new accord, the United States of America will be replaced, as to the Independent State of the Congo, in the situation which existed prior to July 2, 1890; the right to impose import duties to a maximum of 10 per cent upon merchandise imported into the said State remaining acquired to it, on the conditions and within the limitations determined in Articles XI and XII of this treaty.

**Art. XI.** The United States shall enjoy in the Independent State of the Congo, as to the import duties, all the advantages accorded to the most-favored nation.

It has been agreed besides:

1. That no differential treatment nor transit duty can be established;
2. That, in the application of the tariff régime which will be introduced, the Congo State will apply itself to simplify as far as possible the formalities and to facilitate the operations of commerce.\(^3\)

The 12 other articles of the treaty reaffirm in detail the privileges to be enjoyed by American citizens in the Congo State. But except in Article IV (which granted the right "to erect religious edifices and to organize and maintain missions"), the various articles provided only most-favored-nation treatment and some of the sections contained saving clauses in regard to the laws of the land. Article VIII may be taken as illustrative:

In the territories of neither of the high contracting parties, shall there be established or enforced a prohibition against the importation, exportation, or transit of any article of legal commerce, produced or manufactured in the territories of the other, unless this prohibition shall equally and at once be extended to all other nations.\(^4\)

**PROTOCOL OF LISBON, APRIL 8, 1892.**

The Brussels treaty was followed, according to the suggestion which it contained, by treaties between France, Portugal, and the Congo State, and between Great Britain, Germany, and Italy, dealing

\(^2\) For reference to revision of the treaties in 1919, see p. 129.
\(^4\) Ibid., p. 331.
with their possessions, respectively, in the western and in the eastern parts of the conventional basin of the Congo. By the protocol of Lisbon, April 8, 1892, the Congo Free State agreed with its western neighbors to limit import duties to 6 per cent on all articles except arms and ammunition and salt, which were to pay 10 per cent, and alcohol, for which special provision had already been made in the Brussels treaty. Ships and boats, steam engines and similar machinery, and tools for industry and agriculture were to pay 3 per cent after a lapse of four years. Railway materials and equipment of all kinds were to pay 3 per cent after the completion of the railway in question. Scientific instruments, religious paraphernalia, and the baggage of travelers and colonists were to enter free. Export duties were agreed upon at the rate of 10 per cent on rubber and ivory and of 5 per cent on the other common products of the region. Values were also established, subject to change annually, though in practice few changes were made. This agreement was valid for 10 years, and when it was renewed the general import rate was increased from 6 to 10 per cent. The only other important alteration was the raising of the valuation of rubber in 1907. The agreement remained in force for some years after the Congo Free State had become the Belgian Congo.

TRAFFIC IN ALCOHOL AND ARMS.

ALCOHOL.

The importation of alcohol into the Congo Free State (as part of the territory included between 20° N. and 22° S.) was regulated by three treaties. The general act of the Brussels antislavery conference (which was signed July 2, 1890, and finally came into force in 1892) prohibited the importation or manufacture of distilled liquors "in the districts where it shall be ascertained that, either on account of religious belief or from some other causes, the use of distilled liquors does not exist or has not been developed." In other districts, where alcoholic liquors were imported free or paid a duty of less than 15 francs per hectoliter (10.957 cents per gallon) of alcohol of 50 degrees centesimal strength, the imposition of a duty of this amount was required, and after three years this duty might be increased to 25 francs. In 1899 the rate was raised to 70 francs and in 1906 to 100 francs (73 cents per gallon), and it was specifically provided that liquors of greater strengths were to pay higher rates in proportion to their alcoholic content. All three of these treaties also provided that any liquors produced locally should pay an excise not lower than the customs duty.

Prior to 1892, when the additional declaration of July 2, 1890, became effective, no import duty could be imposed by the Congo State. But the treaty of Brussels, signed July 2, 1890, contemplated the entire prohibition of the sale of distilled liquor to natives in regions in which they had not yet become accustomed to its use. On July 16, 1890, such a prohibition was decreed for all of the Upper Congo and that part of the Lower Congo beyond the River Inkissi.

27 See p. 401 for the treaty dealing with the eastern part of the basin.
28 The texts of these treaties are given in Malloy, op. cit., Vol. II, pp. 1964, 1993, and 2205. For certain exceptions to their provisions, see sections of this report dealing with Dahomey, Eritrea, and Angola, pp. 217, 386, and 495 in. For the promulgation of these provisions in the Congo, see decrees of July 12, 1890, and Nov. 12, 1907. This last agreement came into force Dec. 2, 1907. The treaties of 1899 and 1900 specifically permitted a proportionately lower duty on liquors of a less strength than 50 degrees.
By later decrees, in 1896 and 1898, this boundary was moved westward to the Kivu and then to the Pozo River.\textsuperscript{29} By a decree of October 15, 1898, the importation of absinthe and its sale either to whites or blacks were prohibited throughout the State.\textsuperscript{30}

It was further provided in the Brussels antislavery convention of 1890 \textsuperscript{31} that in the region between 20\degree north and 22\degree south no modern rifles should be sold to the natives and that in those parts of this region in which the slave trade persisted no arms of any sort should be sold to the natives. The Governments might issue individual permits authorizing the possession of improved arms, but it was stipulated that the arms should be marked and registered and that the individuals should give guarantees that they would not transfer the arms to third parties. The sale of trade guns, with flintlocks and unrifled barrels, and of common gunpowder was restricted by the requirement that all importations be consigned to public or other authorized warehouses and that no arms should be withdrawn from these warehouses without licenses specifying the regions in which they might be sold. The signatory powers were to take all such measures as they deemed necessary to prevent the entry or exit of arms by their inland frontiers, and the signatory powers who had possessions in Africa in contact with the zone of operation of the treaty bound themselves to prevent the introduction of firearms across their inland boundaries, "at least that of improved arms and cartridges."

IV. THE "OPEN DOOR" IN THE CONGO IN PRACTICE.

What was known for many years as "the Congo question" centered on the charges of "atrocities practiced on the native inhabitants by agents of the State and of the concession companies."\textsuperscript{32} In this

\textsuperscript{29} État Indépendant du Congo, Bulletin Officiel, 1890, p. 106; 1896, p. 14; 1898, pp. 140, 183. (Hereafter the bulletin will be cited as B. O.) The three rivers named as southern tributaries of the Congo between Matadi and Leopoldville. The Pozo enters the Congo practically at Matadi, and the two other rivers divide the distance to Leopoldville roughly into thirds. In the districts where the sale of liquors to natives was illegal their manufacture also was prohibited. In the same districts whites were restricted to a ration of 3 liters a month by an ordinance of Dec. 11, 1899. (Keith, A. B.: The Belgian Congo and the Berlin Act, 1913, p. 216.) The authorities generally agree that the Congo officials tried to enforce these prohibitions, but of course the difficulties were enormous.

\textsuperscript{30} B. O., 1898, p. 256.


\textsuperscript{32} That the Congo was badly ruled is no longer a debatable point. Affirmations and testimony to this effect were made by upward of 50 missionaries of many nationalities and denominations, among whom an American Baptist, the Reverend Sjoebloem, was one of the earliest, and a Jesuit father, Arthur Vermeerch, one of the most painstaking witnesses. Officials of the State such as M. B. Lefranc, judge of first instance at Boma, earnestly demanded reforms. One governor general resigned rather than put in force certain decrees. Italy withdrew the permission previously granted to her army officers to take service under the Congo State, and the Governments of Great Britain and the United States made representations and suggested official investigations. Finally, even a moderate report of the official commission of inquiry disclosed serious abuses and at the time that Belgium took over the Congo the necessity of far-reaching reform was almost universally recognized. That it took more than a decade to reach this result was due to various factors: The great extent of the Congo and the inaccessibility of the greater part of it; the difficulty of gaining the confidence of the natives and obtaining knowledge of their situation without residing permanently among them; the confusion caused by the conflicting testimony of those who merely traveled in the Congo or who resided in the well-governed districts; and the division among missionaries on the question whether they could be of greater service to the natives by denouncing the misrule or by continuing their work without incurring the hostility of the State. The State was vigorous in its own defense, attacking the character and motives of those who criticized it, emphasizing the untrustworthiness of native evidence and citing in its behalf the text of its laws and the testimony of its officials. See, for instance, the Bulletin Officiel, 1907, p. 240-235, and the works of Wack, Bouglir, Castelein, Descamps, and MacDonnell, cited in the bibliography. The agitation which these charges provoked was quieted when certain reforms were instituted toward the close of the Leopoldian régime and has been terminated by the much more thorough-going reforms which have been carried out since Belgium took over the administration of the Congo in November, 1908. The English Congo Reform Association disbanded in 1913, considering that its work had been finished. (Harris, N. D.: Intervention and Colonization in Africa, 1914, p. 62.)
long and vigorously waged controversy only incidental attention was given to the question of the extent to which the administration of the Congo State had evaded the liberal intentions of the framers of the general act of Berlin. To summarize by anticipation the conclusion to which the evidence leads, the Congo State, not to say King Leopold personally, managed, in spite of the "open door" provisions of the Berlin act, practically to monopolize the trade of the whole region beyond the small district of the Lower Congo. The foundation of the system of exclusion was the land régime. Next in importance was the method of "taxation" employed, the exaction of forced labor from the blacks. Other factors, which aided in attaining the same result, were the taxation of the trading companies, the control of navigation, the lack of currency, and the military policy of the State.

It should be noted that the discussion of these points lies almost entirely outside of the field of controversy. The monopolization of the land and the labor exacted from the natives were established in the laws of the Congo State and were defended by its officials as policies which were both necessary and good in themselves. In regard to these two most important factors in the trade situation, the only point open to argument is the extent to which the forced labor exceeded the legal maximum. The authorities chiefly relied upon, in addition to the Bulletin Officiel, are largely Belgian. But the reports of the British consuls have been found useful for their detailed statements and because in them attention is directed relatively more to the effects upon trade and less to the "atrocities." The works of H. R. Fox Bourne, secretary of the Aborigines Protective Society, and of E. D. Morel, secretary of the (British) Congo Reform Association, have also been used; both authors quote their sources and in the great number of cases in which these have been checked they have been found accurate.

THE LAND RÉGIME

ASSUMPTION OF STATE CONTROL OF SOIL AND PRODUCTS.

During the early years of King Leopold's rule in the Congo, the policy followed was liberal. It is said that the monopolistic plans later followed were first suggested in 1890. The legal foundation, however, had already been laid, and one of the defenses advanced by the Congo State was that the system rested on decrees to which no exception was taken at the time when they were promulgated.

On July 1, 1885, a month before the formal proclamation of the existence of the Independent State of the Congo, King Leopold's administrator general for the Congo issued an ordinance for the registration of all existing land titles claimed by non-natives. It was provided by this measure that thereafter no titles obtained from natives would be recognized unless "made with the intervention of the public..."
officer appointed by the administrator general and according to rules which he will lay down in each particular case." Likewise, settlement on "vacant land" was prohibited, "vacant lands being considered as appertaining to the State." A decree by Leopold, September 14, 1886, confirmed the rights of the natives to their lands and reaffirmed the power of the administrator general to control the acquisition of land by whites. ["The lands occupied by native populations under the authority of their chiefs shall continue to be administered according to local customs and usages."] In 1887 a decree of April 30 and an ordinance of June 30 provided for the occupation of lands above Stanley Pool, but at the same time an initial step was taken in the direction of restriction. The decree of April 30 imposed a penalty on all who cut trees on lands not legally assigned to them, or who did mining or quarrying thereon. In 1886 the mineral wealth of the lands registered for private acquisition was reserved to the State, and in 1889 the hunting of elephants was forbidden throughout the State except under conditions and on the payment of fees to be established by the governor general. Elephants killed contrary to this decree were subject to confiscation, and anyone receiving any of the ivory or other spoils was guilty of receiving stolen goods. The decree of the previous year in regard to minerals, like the land decrees of 1885–86, had made reservation of the customary rights of the natives; but this decree declaring ivory State property, specifically repealed all "usages and customs having the force of law" to the contrary, dealing with rubber, gum copal, and other vegetable products. The next decree applied only to those parts of the State lands in which the natives had "not yet exploited" these resources, but it was officially determined a few months later that the natives had exploited rubber before 1885 only in two small districts. Elsewhere, where no native exploitation had occurred, and "notably in the islands situated in the zone between Bolobo and the mouth of the Aruwimi, and in the forests which extend in this zone along the river and its affluents," these vegetable products could thereafter be gathered only under special concessions. At this time, however, the State was still professing that it had no intention of competing in trade with individuals, and the criticism of its actions led to a decree of July 9, 1890: "to regulate the collection of ivory in the State so as to favor

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30 J. O., 1887, pp. 71, 129, 133.
31 Decree of June 8, 1886; B. O., 1886, p. 99.
34 M. Beernaert, prime minister of Belgium, made statements in this subject in 1891 and 1892 before the Belgian Chamber of Deputies. In the former year, after referring to charges that the Congo was "only one vast factory," he said that it had happened and would happen that in exploring new regions the officers purchased certain quantities of ivory in behalf of the State. "It could not be otherwise, since friendly relations must be established with natives who did not understand that a journey would be undertaken with any other aim than trading. On May 14, 1892, he referred to ivory sold in Antwerp "very recently" and said that it came from territories where private commerce had never penetrated, and therefore its marketing by the State could result in no prejudice to the interests of commercial companies. The native chiefs had also been placing themselves under the protection of the State and engaging to pay tribute in kind, notably in ivory. (Annales Parlementaires de la Chambre des Représentants, Sess. Ord. de 1889–91, p. 1322; 1892, p. 1283.) There is some doubt as to the accuracy of the figures given by M. Beernaert. In 1891 he said that the unimportance of the State's dealings in ivory could be seen from the fact that the total miscellaneous revenues of the Congo State in 1890 had been only 99,000 francs; but by the statement of May, 1892, it appears that ivory collected in 1890 had been sold very recently. He stated further that the Congo State had exported only 52 metric tons of ivory during 1891 out of a total exportation from the Congo of 165 tons. To convey an accurate idea in regard to the question at issue he should have excluded transit trade and the products which the former Congo and later the Upper Congo from the State expected 12 tons and private traders less than 90. At the official valuation of that year, 32 tons of ivory were worth 640,000 francs. It is said that sales of Congo ivory in Antwerp alone had amounted to 3,000,000 francs by November of 1892. (Deurne, H. H. Fox; Civilization in Congo, 1893, p. 137.)
free competition,” “the Government surrenders absolutely to private individuals the collection of ivory in the State Domaine throughout all those territories situated beyond Stanley Pool, which are directly accessible to steamers in the Congo or its affluents, to a depth of 50 kilometers from the banks.” In the remainder of the Domaine, the State and individuals were allowed to trade concurrently. Individuals, however, were required to pay a droit de patente of 2 francs per kilogram in the “free” areas and of 4 francs per kilogram elsewhere in addition to the 2-franc export duty. The next important decree seriously restricted this liberty of purchasing not only ivory but also rubber on important affluents of the Congo. In September, 1891, Leopold issued a secret decree that the commissioners of the Aruwimi-Welle and Ubangi districts and the chiefs of the Upper Ubangi expedition “will take the urgent and necessary measures to conserve for the disposal of the State the products of its Domaine, notably the ivory and the rubber.” This was followed some months later by various local orders applying and extending the decree. These decrees are not published in the Bulletin Officiel, and the various authors differ slightly as to their exact dates and scope, but it is certain that a large area in the northern part of the State was closed to trade, and lively protests were the result. Not only did the trading companies protest, but Baron Lambermont and Emile Banning, as well as the ministry at that time in office in Belgium, protested in the name of the treaty of Berlin. About the same time the governor general, Camille Janssen, resigned rather than enforce the new policy. Leopold, however, justified his action by the favorable answer of nine eminent jurists, five Belgian and four foreign, to a series of questions; particularly whether the theory that vacant lands belonged to the State was contrary to the principle of commercial freedom inscribed in the general act of the conference of Berlin, and whether, since the international servitudes are interpreted restrictively, the principle of commercial liberty could limit the rights of the State Domaine.

ESTABLISHMENT OF RESTRICTED AREAS.

The next decree, October 30, 1892, may be considered to have established definitely the system of State exploitation. Later modifications tended rather toward an intensification of the monopolistic system than the reverse. The decree began with the statement that

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43 B. O., 1889, p. 80. This decree followed the compromise suggested by the Société du Haut Congo that, if the Government would keep the pledge given by Col. Stranuch some years previously and cease buying ivory as soon as private traders established themselves in a district, the corporation would pay a tax of 2,000 francs per ton. (Le Mouvement Géographique, 1892, vol. 9, p. 82.)

44 This decree was never published in the Bulletin Officiel. The Bulletin Officiel publishes only “those acts which it is of interest to make public.” B. O., 1889, p. 22.


47 Lambermont and Banning had been at the Brussels geographic conference of 1876, and Lambermont had represented Belgium at the conference of Berlin in 1884-85 and presided over the conference of Brussels in 1890.


49 Cattier: Étude, etc., p. 63. Compare Cattier, Droit, etc., p. 163-171, where the author, one of the jurists referred to above, argues that the general act of the conference of Berlin in prohibiting all monopolies and privileges meant only monopolies and privileges in the international sense of the word, i.e., discriminatory treatment and favors, and that the explanation given in the conference of “privileges and monopolies in commercial matters” was to be interpreted restrictively, leaving the State free to establish monopolies in the civil, political, or administrative spheres. None the less even in this earlier work he condemns the measures taken to execute the decree of September, 1891, because they did not preserve the customary rights of the natives as recognized by such decrees as those of 1895-96.

the exploitation of rubber was abandoned to private individuals in all the vacant lands belonging to the State, under certain conditions and with certain exceptions. The exceptions, however, covered the larger part of the field. The decree divided the State domain into three parts:

(1) Domaine Privé (private domain of the State).—The Domaine Privé was a large region mainly in the northern part of the Congo, which the State was to exploit directly or in any other way it might choose. It included the basins of the Mbomu (Bomu) and Welle, and of the N'Dua (Ubangi) farther than 20 kilometers from the banks of the river; the basins of the Mangolla (Mongala), Ittimbri, Aruwimi, Lopori, and Maringa, etc. (art. 2). If individuals by exception were allowed to gather rubber here, it was only as agents for the State, which alone might dispose of that product.

(2) Reserved area.—A large region to the east and southeast, called the reserved area, was withheld for exploitation “when circumstances permit.” This included the basin of the Congo-Lualaba above Stanley Falls and of the Lomami above 2° 30' south (art. 3).

(3) Free areas.—The southwest part of the Congo, generally speaking, was alone left open to individuals as a free area, subject, of course, to rights previously acquired, and, it may be added, subject also to later withdrawals and concessions. There was provision, further, that the Government might give exclusive rights to individuals within a radius of 30 kilometers of their factories in this area.

In granting this freedom, however, the State levied a new tax. The natives above Stanley Pool were required to pay to the Government not more than a fifth, as should be determined by the governor general, of the rubber they collected; but in lieu of this payment the trader might pay the Government 25 centimes per kilogram.

This decree of October 30, 1892, by its own terms was to remain in force only until February, 1901, but actually it controlled the situation in half the Congo until 1911 or 1912, and the chief change following its technical lapse was that the 14 companies which previously competed more or less on the Kasai River joined in a monopoly in which the State held half the shares. Moreover, numerous modifications were made while the decree was in a general way in force, modifications which considerably limited the free area. The most conspicuous among the changes were the addition of the reserved area to the Domaine Privé, the formation of the Domaine de la Couronne, and the grants to the concession companies, though the concessions were chiefly in the closed zone.

30 There is uncertainty in regard to ivory. M. Octave Louwers (Lois en vigueur dans l'Etat Indépendant du Congo) gives the decree of July 9, 1890 (see above, p. 92), as still in force in 1895, except for the repeal of the droit de patente by decree of Feb. 19, 1891. C. Curtier: Droit, etc., p. 311. Bornhaupt, C. Von, Die Kongo-Akten und der Freihandel, 1892, p. 97, says, however, that it is generally accepted that secret provisions of the decree of Oct. 30, 1892, extended its terms to ivory and other products. Bourne, op. cit., p. 142, says in the same sense that ivory was separately legislated for. The confusion has probably arisen through the effectiveness of other means used to check private trade. The few traders mentioned incidentally in the British Blue Books are in nearly every case dealers on a small scale in ivory.
31 So called in decree of Dec. 5, 1892.
33 The amount was fixed at one-eighth on Dec. 6, 1892. Louwers: Op. cit., p. 645.
34 Arts. 5, 7, and 8. But this tax was not collected on the left bank of the Ubangi from its junction with the Congo to the mouth of the Welle (art. 9).
35 I. e., the date when Belgium could exercise its option of taking over the Congo under the agreement of July 3, 1891. Curtier: Etudes, etc., p. 68.
37 Ibid., p. 87. The 14 companies had each been assigned a small territory of its own, but there was sufficient competition to raise the price paid to the natives for rubber.
38 Curtier: Etudes, etc., p. 66.
39 See, p. 95.
CONGO FREE STATE
SHOWING AREAS IN WHICH TRADE WAS RESTRICTED.
(4) Domaine de la Couronne (estate of the Crown).—The Domaine de la Couronne was formed by a decree (not published in the Bulletin Officiel) of March 8, 1896, and was enlarged by another decree of December 23, 1901, which reserved an area 10 times the size of Belgium in the basins of the Lake Leopold II, and of the Lukenie and Busira-Momboyo Rivers, to be exploited for the benefit of the King’s private fortune; whereas the proceeds of the Domaine Privé went to the coffers of the State. A portion of the free area was included in this Domaine de la Couronne, and there were further encroachments on the free area, chiefly on the Congo between the pool and the falls, but it would be difficult to define them.

Some of the agents of the State were willing to go far in enforcing the State monopoly of rubber and the prohibition of the trade in arms. Charles Henry Stokes, an English trader, in the Lake Albert-Stanley Falls district, was hanged in 1895. An Austrian, named Rabinek, was subjected to an excessive sentence for carrying on trade in regions not yet occupied by the State, although he had a license to trade and to hunt elephants. He died while being transported to Boma for an appeal.

Exploitation by Companies.

Much of the actual exploitation of the Congo and its resources was performed, not directly by the State, but by companies to which the State granted certain privileges. These companies and corporations belonged to two groups, representing different periods, different interests, and different modes of procedure.

Trading companies.—The trading companies consisted of several foreign firms which had been engaged in trade on the lower Congo before the Congo Free State was established, and several Belgian firms with offices in the Rue Brederode, Brussels, which were organized largely by men who had been active in establishing the State. These concerns were employed in strictly commercial undertakings; they established “factories” and traded cloth, beads, and other goods for native produce. The largest of the old trading companies was the Nieuwe Afrikaansche Handelsvennootschap of Rotterdam, usually referred to as the Dutch Co., which had been doing business at Boma since 1860.

Concessionary companies.—The concessionary companies were almost all incorporated in 1892 or later. Although for the most part...
they held little or no land in full ownership, they were given through-
out vast territories the monopoly of exploiting the vegetable, and in
some cases the mineral, products of the public domain. In these
districts they exercised the right of forcing the natives to work. They
paid usually one-half of their profits to the State; they frequently
operated under a reservation which gave the State considerable power
in the naming of their officials; and they represented Antwerp financial
interests rather than those of Brussels. 65

Strictly speaking, the concession companies were authorized only
to exploit the State-owned products, so that the ivory already in the
hands of the natives should have been accessible to private traders;
but as to the practical operation of the system the testimony of an
experienced missionary was as follows:

In all Katanga there is not a single trader outside the Comité Special du Katanga.

On speaking recently with Judge Jennings at Lukafu, I mentioned these
matters [certain applications for licenses to trade in Katanga] to him, and he said:
"Of course, legally and according to State laws they must, if they force matters.
receive a license for trade, but I don't think they will receive it. The State will not
cede a license where the monopoly of trade is in the hands of a big company. It is
against all precedent."

There are many other traders here who would gladly pay all license costs, and import
and export dues, could permission to trade in Katanga be obtained. But the door of
Katanga is unquestionably fast shut to all the legitimate trade, and will be until
the State's hand is forced and the State becomes free in more than name. 66

DISPOSAL OF "FREE LANDS."

In the early period, when the land policy of the Congo, State was
comparatively liberal, provision was made for the sale to individuals
of small sites 67 at roughly a dollar an acre. The buyers were allowed
to choose the locations and install themselves without any formalities;
their titles became established by occupation and upon the payment
of the fixed price. This liberal provision, however, was repealed on
May 3, 1893. 68 A few months later a new decree provided that no
sale or lease of lands could be obtained except after authorization by
the governor general, temporary possession was henceforth forbidden,
and the prices were greatly increased. 69 Under this provision
"all the applications for commercial sites in the regions proclaimed
freely open to trade were rejected. The exceptions are so few as to
be negligible. In the two first zones 70 commerce was suppressed by

65 They were Belgian corporations originally, but were reorganized in 1897 or later under the law of
the Congo Free State. This law required no publicity. (Bourne: Op. cit., p. 242.)
67 Not exceeding 10 hectares in extent, at 10 francs per hectare. Arreté of June 30, 1887. The 10 francs
included the cost of surveying. Cf. Cattier: Étude, etc., p. 90.
68 Cattier: Étude, etc., p. 90, citing Lycops et Touchard, Jurisprudence, Vol. II, p. 79. Apparently this
decree is not given in the B. O.
69 Decree of Aug. 9, 1893. This fixed the price of sites for commercial or religious establishments at 100
francs per hectare plus 10 francs per meter along any navigable river within 150 meters. For agricultural
purposes not more than 5,000 hectares might be bought, at 10 francs per hectare for lands at least 150 meters
distant from navigable waters. (See B. O., 1896, p. 320, decree extending these rates until Jan. 1, 1898.)
By the decree of Oct. 8, 1897, effective immediately, the price for commercial establishments in the Upper
Congo east of the Lukanga River (an affluent of Stanley Pool) was raised to 2,000 francs per hectare with a
minimum of 3,500 francs for the ground of a single owner. Ten francs remained the price of agricultural
land, but with a maximum reduced to 2,000 hectares: for greater amounts, as before, the governor general
was authorized to fix special prices (B. O., 1897, p. 295). On Feb. 3, 1898, agricultural land was raised
to 100 francs per hectare, remaining at this price, except for a short interval ending Nov. 30, 1898, during which
the price was set at 2,000 francs (B. O., 1898, p. 32, art. 3). A decree of Feb. 2, 1898, instated a commission
of five to examine applications for land—the information given, the formalities, the assignability of the
land sought, native rights, fulfillment of conditions, etc.—a splendid instrument of delay. (B. O., 1898,
p. 30.) By decree of Nov. 14, 1893 (B. O., p. 278), all aliens and lessees required the approval of the
King. One of the decrees of June 3, 1900, provided for annual sales of land, but apparently this had little
practical consequences.
70 Of the decree of Oct. 30, 1892. See above, p. 93.
suppressing commercial products; in the third zone free commerce was suppressed by suppressing the merchants.”  

**EFFECT OF THE LAND LAWS.**

As a result of these various regulations, a land régime was established for the Congo, under which the area of the State was divided as follows:

(a) Lands occupied by the natives, who could alienate it only with the approval of the governor general, not usually granted.

(b) The Domaine de la Couronne (estate of the crown), exploited by State officials for the benefit of King Leopold’s fortune.

(c) The Domaine Privé (national domain), the great bulk of the land of the State, appropriated as “vacant” land and exploited by State officials. There was no provision for alienating any of this territory to individuals, but some of it was intrusted to concessionary companies.

(d) Lands assigned to concessionary companies. These districts were large areas, where the companies collected some or all of the products of the domain, paying the State heavily for the privileges which they enjoyed. The companies usually did not own the land and of course could not sell it.

(e) The public-domain, which consisted of the Government buildings, public waters, roads, etc., and also of those parts of the “vacant” lands which had not been declared Domaine Privé and which were, in theory at least, more or less open to exploitation by traders, although only upon burden-some conditions.

Thus the land régime was in itself sufficient largely to suppress free trade in the territories of the Congo Free State. As Father Vermeersch said:

The régime adopted could in fact be very nearly expressed in a program of two articles and a *nota bene*.

**Article 1.** Commerce is free in the Free State. Natives and non-natives enjoy the same facilities.

**Article 2.** Everything belongs to the State. A thousand regrets that we can give to commerce only a restricted sphere.

N. B.—There is besides nothing to sell or to buy.

There remained, however, the region of the Lower Congo where little of the restrictive policy of the State was applied; while even on the Upper Congo a few branches of commercial houses, established in the early days, survived both the land régime and the other restrictive measures adopted by the State.

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11 Cattier: *Étude*, etc., p. 91.
12 This, in so far as it is exploited directly by the State is called by one of the decrees of June 3, 1906, the Domaine National. (B. O., p. 275.)
13 The decree of Dec. 5, 1892, instituting the Domaine Privé, merely mentions alienation as one of the subjects within the competence of the secretary of state for finance (Louver, op. cit., p. 647). The contract of Mar. 30, 1903, with the Société d’études du Chemin de Fer du Stanley-Pool au Katanga et de l’Umbére à l’Uele bound the State to alienate none of this Domaine Privé until certain claims for land by the railroad had been met. Vermeersch (*La Question Congolaise*, 1906, p. 102) says that the object was to prevent the alienation of this land, as there was no expectation that the railroad company would fulfil the conditions.
TAXATION IN LABOR.

A second feature of the State's activity which prevented trading companies from carrying on commerce in the Congo was the system of forced labor which the administration exacted as a tax. Throughout even those sections where the State had established no monopoly in the products of the domain, and where trade was therefore supposed to be free, the forced contribution of labor to the State became a serious hindrance to the ordinary operations of commerce.

"RUBBER TAX" AND OTHER EXACtIONS.

The abuses to which this practice gave rise were worst in the districts of the upper river where few whites other than State agents penetrated, and in the areas conceded to the companies, most of which enjoyed the power of exacting this tax. In no part of the Congo was there any limitation on the amount of labor to be required. It is true that in 1903 a decree was promulgated which professed to limit the amount of labor to 40 hours per month, but in practice the tax continued to be reckoned in kilograms of rubber, and there is abundant evidence that previous to the report of the commission of inquiry in 1905, there was really no limitation in effect. By various devices the remuneration of the State agents, as of course the dividends of the companies, were made dependent upon the amount of rubber produced in their districts. The reports of missionaries and consuls show that in many cases the forced labor of the natives in the collection of their quotas of rubber occupied 20 to 26 days a month.

In addition to the gathering of rubber, copal, etc., the natives near the stations and on the roads and rivers were compelled to provide porters, canoes, and paddlers, to furnish firewood for steamers, to maintain certain roads and rest houses and to furnish provisions for travelers. The State spent practically nothing on its stations; clearings were made, plantations cultivated, buildings erected and repaired, and in general the natives were forced to undertake whatever the agent in charge thought should be done. Even the largest garrisons, using chiefly local foods, were maintained by "taxes in kind," exacted from the natives. If the stations were large compared to the local population, transportation of these provisions from as far away as 79 kilometers was added to the burden.

76 It is said that no white other than an agent of the State had set foot within the Domaine de la Couronne until 1903.
78 Gt. Brit., Parl. Papers, Cd. 3890, 1908, p. 12, "work practically continuously"; p. 22, "allowed" to work "even 30 days a month"; p. 5, "work 7 days a week even since:" p. 53, "average not less than 20 days"; p. 60, "the time limit was a farce"; cf. pp. 49-52, 61, also ib., Cd. 3430, 1907, pp. 46-48. Vermeersch (op. cit., pp. 146, 156) said that the peoples of the Congo were the most heavily taxed in the world; that for many of the natives the tax of "44 hours" was really a tax of all the days; that while according to the law the level of local wages constituted the minimum standard for the compensation paid by the State and the 40 hours constituted a maximum for forced labor, in practice these standards were reversed—the local wages became the maximum for compensation and the 40 hours became a minimum of forced labor. However, especially after the report of the Commission of Inquiry and after the rubber in some districts was exhausted, some of the natives escaped taxation even though they were within the zone administered by the Government. Ibid., p. 35; cf. p. 53. "In some cases (in the Upper Congo) the Chefs de Poste can not collect a hundredth part of the nominal tribute"; but p. 55. "The accessible workmen are in many cases almost continuously at work." Cf. ibid., Cd. 1939, 1904, pp. 30, 31. The Commission of Inquiry stated that "probably the great majority of natives now escape all taxation" (p. 84). This is supported by an estimate by Cattier, in which he compared the profit in the labor of each native with the total income of the State (p. 171).
80 Cattier: Etude, p. 133. Cf. Commission of Inquiry appointed by the Congo Free State Government, Report on the Congo, 1906, pp. 46, 51. The commission found that manioc bread exacted from the women near Leopoldville required 100 hours of labor per month, exclusive of the time required for carrying it to the city (p. 47). Father Vermeersch cites Fathers Cus and Van Heneghinven as having written "the worst executed at Leopoldville are no doubt magnificent. But when one sees the heavy corvées which is their result for the natives and the depopulation which follows, enthusiasm vanishes." (Op. cit., p. 179.)
Compulsory service was introduced in 1891 or earlier, both for the army and for the construction of public works—transportation, railroad building, making of plantations, etc. The recruits were kept in the service more or less indefinitely and one of the reforms made after the report of the Commission of Inquiry was the fixing of the length of service for this "corvée" at five years for civil and seven years for military service.  

**EFFECT UPON COMMERCE.**

As a result of these various exactions, the natives had no time to cultivate, gather, or fabricate any articles of private commerce. Comments upon the utter destitution of the villages were frequently made by observers. Foodstuffs became very high in price and difficult to obtain. At Leopoldville the Government forbade the purchase of foodstuffs from the natives by Europeans, because they were paying four or five times the rate of compensation which the State administration allowed.  

After the system began to be reformed and the taxation in some places had been reduced to one-fourth of what it had been, the British consul reported that "as the State since the beginning of 1907 imposed taxation on the natives of the free zone, the people are refusing to make any rubber at all for the traders." The reports of Stanley and other early travelers as well as various references in the Blue Books show that when opportunity offered, the Congo natives were keen traders. Considerable trips in their canoes for commercial purposes had been common before the whites took possession. But in 1905, the Commission of Inquiry found that there was no native industry capable of supporting trade, that artisans worked only to order, that crude cultivation gave no surplus of the products of the soil, so that through large regions there were no merchantable products. Elsewhere the commission pointed out that the natives were deterred from raising chickens, goats, etc., for general commerce, because the State did not pay their market value and they had lost faith in the white man.

The defense made by the Congo State and accepted by the Commission of Inquiry was that forced labor was necessary because otherwise the blacks would not labor, and without becoming habituated to labor the blacks could not be civilized. The commission found, however, that the amount of labor exacted from the blacks had been excessive; and the evidence shows that the virtual monopolizing by the State of the time and energy of the native precluded:

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5 Keith, A. B.: The Belgian Congo and the Berlin Act, p. 148. The law required contracts for the engagement of these laborers and limited them to from three to seven years. The Commission of Inquiry found none of the legal safeguards regularly enforced. It recommended three years as a maximum. (Op. cit., pp. 135-140.)  
7 Cattier: Etude, etc., p. 132.  
9 Commission of Inquiry appointed by the Congo Free State Government, Report on the Congo, 1906, pp. 24-25. The conclusion that money should be introduced seems to indicate that the commission was not entirely certain of the validity of its own statement.  
10 Commission of Inquiry, op. cit., p. 54. While there is considerable evidence in opposition, the Commission of Inquiry found that "everywhere in the Congo and notwithstanding appearances to the contrary the native gathers rubber only under coercion either direct or indirect." (Commission of Inquiry, op. cit., p. 112.)
for a large part of the accessible population the possibility of participation in commercial operations.

**TAXATION OF TRADING COMPANIES.**

In regard to taxation, the strictly commercial enterprises, both foreign and Belgian, were in a helpless position, in spite of the careful provisions of the general act of the conference of Berlin which guaranteed them equality of treatment. In a well-developed country, where the local interests presumably would have sufficient political strength to prevent excessive taxation, and where the State could not afford to ruin the local companies, equality of treatment guaranteed to foreign firms would probably be a sufficient protection. But the Congo State was an absolute monarchy, without a local white population and without local business organizations, except as corporations registered there, but directed from Belgium. Of the Belgian concern, the strictly commercial firms, as distinguished from the concessionary monopolies, had lost the favor of Leopold about 1893 and were, no less than were the foreign traders, commercial rivals of the State.

Up to 1890, the taxation was not unduly heavy, but in that year the State for the first time exported a considerable amount of ivory, and its intention to compete with the private companies became evident. Heavy taxation was defended on the ground that Leopold's private fortune was no longer able to bear the burden of sustaining the Congo State.

According to an account published in 1890, in Holland, no less than 24 separate taxes had been imposed upon the Dutch Company. As a consequence the company withdrew its agents from the Upper Congo for a year or two, and the sudden decrease in the exports from the Congo has been attributed to its cessation of activity. There were taxes on buildings, on steamers and on small vessels, on employees and laborers, on the recruiting of porters and workers, on the caravans traveling over the roads, and on the cutting of wood. Ten francs a head had to be paid for the black laborers employed, and 50 centimes for each square yard covered by the buildings in which they were lodged. In 1896, every agent of commerce who neither paid a personal tax nor had a tax paid for him as laborer or domestic was required to pay 10 francs annually for a license. The droit de patente on ivory was repealed in 1891, and the personal taxes were reduced one-third when the import duties were imposed, but this hardly can be considered a decrease of taxation, for the tax on ivory was shortly replaced by a provision by which the State took one-half of the ivory collected. In 1898, a license fee of 5,000 francs was imposed for every establishment thereafter founded.

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*Exports for 1890 and following years: 8,212,000, 5,354,000, 5,488,000, 6,206,000, 8,762,000 francs. The authorities are not very definite in their statements concerning the withdrawal of this company from the Congo State. Bourne, op. cit., p. 159, says it withdrew for a couple of years. Wanters attributes its withdrawal chiefly to the ivory tax (op. cit. p. 401). In 1898 the company had six boats on the upper river, and in 1901 it was one of the constituent companies of the Kasai monopoly, receiving 340 shares, which was more than was given to any other company except the Société du Haut Congo. (Cattier: Étude, etc., p. 196.) Figures from Jb., p. 74.*

*Le Mouvement Géographique, 1892, vol. 9, p. 85.*

*Le Mon. Géogr., vol. 13, p. 351. The license had to be stamped each time the holder entered or left the State, and for this the fee was 5 francs.*

*Ann. B. O., 1892, p. 151.*

to collect rubber in the free zone.\textsuperscript{42} This account of the taxes levied is not exhaustive, and there is no doubt that they were vexatiously numerous and really burdensome. It is certain that under the peculiar conditions of competition with the State the guarantees of the treaty of Berlin in respect to taxation were not effective.

\textbf{STATE MONOPOLY OF TRANSPORTATION.}

From the earliest period the Congo State had its fleet on the upper river. In 1897 it purchased seven vessels from the Société du Haut Congo and about that time possessed a majority of the commercial vessels on the Upper Congo, including most of the larger craft.\textsuperscript{93} In 1905 or 1906 it bought "a considerable fleet," from the Dutch Company and apparently made its monopoly practically complete except for certain boats belonging to concessionary companies and some owned by the missionary organizations.\textsuperscript{94} These other vessels, however, did not interfere with the Government's monopoly, because the concessionary companies were corporations of limited powers and these powers did not include the carriage of freight outside of their own concessions. They could not carry even their own freight and their own agents without paying to the State the same charges as if the transportation had been by State vessels, nor could they carry a single passenger, even as a guest, without the special permission of the State authorities.\textsuperscript{95} Evidently they could carry no freight for others, except by charging rates equal to the State rates plus the cost of maintaining the service, including the considerable taxes mentioned above.\textsuperscript{96} It is obvious that these vessels also could be of no service to the private trader.

In addition to the taxes, the private vessels suffered from the rule that they might cut no wood within half an hour's steaming of the State's wood piles—the State having selected all the best places.\textsuperscript{97}

\textbf{EFFECT OF STATE MONOPOLY UPON TRADE.}

This State monopoly was unsatisfactory to the traders in several particulars:

It was strictly forbidden for the State vessels to carry any private goods until cargoes belonging to the State had been transported,

\textsuperscript{42} Cattier: Droit, etc., p. 307, B. O., 1898, p. 28. For cutting wood, licenses were required according to the quantity consumed by steamers of different sizes. The charges for this privilege varied originally from 500 to 1,000 francs annually (B. O., 1890, p. 179). Decree of Sept. 1, in force Jan. 1, 1901, but later these rates were much increased and were made to vary with the tonnage and speed—240 francs per ton for vessels not exceeding 7 knots, and 10 francs additional per ton per each half knot of speed beyond 7. Vessels under 10 tons paid less. (Decree of July 7, 1898. Wauters, op. cit., p. 380.) In 1903 the Société du Haut Congo was paying 10,000 francs on a single boat which the English consul thought did not exceed 30 tons. This was in addition to an annual license for the steamer, which cost 600 francs; a license for the master, of 20 francs; a personal tax of 30 francs on each European in the crew, including the master; a personal tax of 10 francs on each black in the crew, and 3 francs as an engagement license for each of these blacks. (Gt. Brit., Parl. Papers, Cd. 1933, 1904, 24.) Wood cut for local use was taxed according to the length and diameter of the pieces, but not over 20 francs per cubic meter. Further rules regulated the cutting of wood for export. (Cattier: Droit, etc., p. 310; decree of July 7, 1898, B. O., p. 152.)


\textsuperscript{44} The French Government had a few for communication with the French Congo, and there were also native craft which were sometimes available for individuals. Gt. Brit., Parl. Papers, Cd. 3450, 1907, p. 56, says, as of September, 1906, that the purchase of these vessels had been "within a few months."

\textsuperscript{45} Ibid., Cd. 1533, 1904, p. 24. In Cd. 3850, 1908, p. 19, the general statement is made that no private organizations could carry passengers without paying to the State the rates it would have received had it carried them. Frederick Starr says: "Arrangements must be made by strangers and it is only when the States favorably that they may travel or ship goods. The company boats are not allowed to carry outside passengers or freight, but are obliged to carry State people or freight in cases of special need." (Starr, Frederick: The Truth about the Congo, 1907, p. 64.)

\textsuperscript{46} Although the missionary societies had a number of vessels, these were mostly small and were not allowed to carry passengers or freight other than the property and personnel of the missions, except gratuitously. (Starr, Op. cit., p. 64.)

or to take other passengers in preference to State officials. 88 On the same principle, the steamers on the Lualaba, belonging to the Stanleyville-Penthalvlle Railroad Co., carried only the property of the railroad or of the State—they were "in no way open to the public." 89

When in 1897 the Congo State purchased several vessels from the Société du Haut Congo, the administration undertook to maintain regular services on the upper river. These services did not extend, however, to all the navigable waters and were not so extensive as the general language of some of the official reports might indicate. 90 a With the bulk of the business in the hands of the State, private companies were at a disadvantage if they wished to enter that field.

The rates charged on the State lines were heavy. 1 From interior stations to Stanley Pool the rate on ivory was 500 francs per ton, on rubber 200 francs, and on other goods 150. 2 The rates upstream were about twice as great. 3

ABSENCE OF CURRENCY.

PAYMENT FOR LABOR IN GOODS.

In the Congo Free State there was practically no currency in circulation, except limited quantities in the Lower Congo. 4 Rarely was the native allowed to pay his taxes in currency, even when he could. 5 The State made payments to the natives, not in currency, but in cloth, brass wire, beads, or salt. These payments in the gross were considerable in amount, for the law required that the natives should be paid the local rate of wages for the labor exacted from them. 6 The Commission of Inquiry found that the compensation was "in every case quite inferior to the real value." 7 Without attempting

88 Exceptions could be made only by special orders of the governor general. Decree of Feb. 19, 1896, B. O., 1896, p. 17.
89 Gt. Brit., Parl. Papers, Cd. 4079, 1899, p. 7. This may have been the case only for a limited time.
90 a The consular reports frequently speak of the lack of means of transportation. Of course, it can not be stated positively that if left to private enterprise the navigation service would have developed more rapidly, and it has been pointed out that the State showed greater boldness than the companies in increasing the size of its vessels.
1 Wanters: Op. cit., p. 381. Gt. Brit., Parl. Papers, Cd. 3880, 1905, p. 47, and Cd. 1333, 1904, p. 24, "but perhaps not excessive." The budget of 1902 for the transportation service showed estimated expenditures of 2,000,000 francs and receipts of 3,100,000 francs. Ibid., p. 24, citing B. O., January, 1903. This probably includes sums for construction, as the State was increasing the number of its vessels; e. g., Cattier, Etude, etc., p. 343, speaks of 80 vessels, though possibly they did not all belong to the State. Gt. Brit., Parl. Papers, Cd. 139, J. de C.: King Leopold II, His Rule in Belgium and the Congo, 1905, p. 228.
2 B. O., 1896, p. 17.
3 Wanters: Op. cit., p. 381. It may be observed that the rates were recently very much less, although the State apparently relied less on forced labor, e. g., for the cutting and loading of wood. In 1913 the rate from Stanleyville to Leopoldville for ivory was half that quoted above and for other goods, including rubber, was only 60 francs per ton. For transportation only, white passengers paid 66 francs downstream and 135 francs upstream; the blacks paid one-fourth of these rates. (B. O., 1915, pp. 1108, 1104.)
4 The scarcity even in the Lower Congo required the legalization of French currency. Gt. Brit. Parl. Papers, Cd. 4079, 1905, p. 5. The report of the King-sovereign, published in the Bulletin Officiel of May, 1907, states that "now the coinage of the State is in common use in a great part of the Lower Congo in the district of Banana and in a part of Mayumbe, the native tax is in general received in currency, and it will be the same shortly in the district of Matadi. Currency is being introduced likewise in Katanga, where, thanks to the development of mining enterprises, the economic situation is such that the native is acquiring the notion of money and its use." (B. O., 1907, p. 216.)
5 Gt. Brit., Parl. Papers, Cd. 4079, 1905, p. 6, and Cd. 3880, 1906, p. 22, quoting B. O., 1906, p. 232. Even after the recommendation of the Commission of Inquiry the governor general did not see fit to introduce currency into the Upper Congo, except in certain centers. "Even there the taxes will be demanded as a general rule in the form of labor or produce." (Gt. Brit., Parl. Papers, Cd. 3880, 1905, p. 4, Cf. Cd. 3450, 1907, p. 60.)
6 Instructions of 1896; Law of 1903.
7 Commission of Inquiry, p. 54. Rubber, copal, and other products of the domain, since they were considered the property of the State, were not paid for; the payment was for the labor of collecting them. Whether the payments made to the natives were as grossly inadequate as the critics of the Congo State affirm (e. g., Gt. Brit., Parl. Papers, Cd. 3880, 1905, pp. 23, 27, 61; Cd. 1333, 1904, pp. 27, 31, 33) is not of concern in the argument here made, except that the smaller the amount of compensation given the greater is the force of the argument. The Commission of Inquiry found that though a maximum had been prescribed no minimum had been established for the payment of native labor. "It happened consequently that very often the remuneration given to the natives was insufficient; sometimes even they were paid in goods which had no value in that locality." So also of the requisitions of foodstuffs. (Ibid., pp. 36, 54.) The laborers who were compelled to enlist in the civil service of the State were paid 3 to 6 francs a month and food. (Ibid., p. 182.)
to pass upon the merits of the controversy over the adequacy of the payments made to the natives, some facts regarding the reaction upon trade of this payment in goods may be noted.

**EFFECT OF PAYMENT IN GOODS UPON TRADE.**

Had the State levied taxation in money, the natives would have been compelled to sell their products to traders to obtain this money. Had the State paid for this "labor tax" in money, instead of in goods, as was actually the case, the natives would presumably have bought European wares from the traders. The system actually used not only excluded the traders from most of the purchasing trade, but made the State a competitor of the traders in the distribution of European merchandise. Isolated trading establishments could do little to introduce currency so long as the State almost never accepted it for taxes and so long as the trader could not buy, or at least could not buy anything which he could afford to ship out. One of the reforms of 1906 was an order to open State supply houses (magasins d'État), to be stocked with everything that could strike the native fancy. The British consul said that this provision was intended to render impossible competition with the State in the retail trade, which was about all that was left to commercial houses.

In certain cases the payments in goods exceeded the demand. Natives who had been far from home on long terms of service sometimes received in payment more cloth than they could carry back with them, and sometimes local centers were overstocked with goods of one or two varieties. In these cases the goods would be thrown on the market at reduced prices, and would interfere with the sales and cut down the profits of any traders within reach of the competition.

But even when the native, after paying his taxes, had a surplus of time or produce, the absence of currency, together with the monopolization by the State of the marketable products, prevented the trader from selling goods in such a way as to take a profit from the country. A British consul, speaking of the insufficiency of the currency, said:

As matters now stand, even at Leopoldville, the smaller trader can not compete with the State, owing to the heavy freights and the excessive taxation to which he is exposed, and further up country it would be absurd even to think of opening a store in districts where the native can not pay in money and may not pay in produce, since the only articles which could be profitably accepted by a trader in exchange for goods of any kind are the private property of the State or of a concessionary company.

Thus the effects of taxation in labor and of the State monopoly of the chief products were intensified by the absence of currency and the methods of the system by which the State paid the natives in goods.

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8 Ibid., Cd. 3880, 1908, p. 57.
9 Ibid., Cd. 3450, 1907, p. 64. The avowed object of the order was to meet the criticism that if the native did have money there was throughout large regions no place for him to buy anything. Cd. 4079, 1908, p. 5. This was true not only of the natives. A British traveler entering the Congo State from the east found that he had to return to Uljii (German East Africa) in order to buy cloth with which to pay his porters, because his money was useless in the Congo and Stanleyville was the only place above Leopoldville where cloth was for sale. Cd. 3430, 1907, p. 57. The State was also accused, at least in 1892, of trading in arms and powder, which, in conformity with the treaty of Brussels, it prevented the traders from doing. As arms were the first desire of the natives, the State had a great advantage over its rivals in attracting the trade of the blacks. Bourne, p. 195, quoting a statement by Farminet, an ex-official of the Congo State.

10 Ibid., Cd. 3880, 1908, pp. 4, 12, 22; Cd. 1933, 1904, p. 22. In other cases villages were so pressed to furnish supplies that they were forced to buy from more distant villages, paying in goods, which led to a wider distribution of the European merchandise. This emphasizes again the poverty of these natives—even the payments by the State for their continuous labor left them nothing in the way of products (or cash) which they could exchange in the open market for further European goods. (Ibid., Cd. 1933, 1904, pp. 38, 39.) "The missionaries, Catholic and Protestant, whom we heard at Leopoldville, were unanimous in reporting the general misery which exists in that region." (Commission of Inquiry, p. 56.)

11 Ibid., Cd. 4079, 1908, p. 6. It should be observed that this was long after the completion of the railroad around the cataracts.
As the former limited the trader’s power of buying from the native, the latter limited his opportunities for selling.

OTHER OBSTACLES TO TRADE, CIVIL AND MILITARY.

In the early nineties before the State’s policy had been worked out in a legal way and even before the decree of September 1891 was known in the Congo, there were complaints that the State officials were intimidating the natives and preventing them from trading with the merchants. In various minor ways the regulations of the State continued to interfere with trade. The Commission of Inquiry found not only that natives were forbidden to move their villages, but that individuals had been punished for leaving temporarily without a permit. The British consul reports, as one of the reasons for the depression in trade in the Stanleyville district in 1906, that the regulations were too severe in regard to the handling of ivory, requiring transportation to certain centers for taxing and marking.

Traders were compelled to pay not more than the legal wage to carriers and to deposit 40 francs caution money for each man hired and to make various reports to the officials. Many complaints were made that the various regulations of the State were unfairly administered.

The concessionary companies in their territories followed the example of the State. In the Katanga all applications for British factories on Lake Moero were rejected, and while farm leases were offered, the terms were such that British settlers would not take them.

The obtaining of ivory was limited also by the hunting laws, as early as October 5, 1889. Part of the ivory—“not exceeding generally 50 per cent”—was exacted by the State.

The military policy and activity of the State injured the traders in three ways: by devastation, by closing of certain areas, and by plundering.

First, much of the country was devastated. One of the letters previously quoted states that half a dozen witnesses have seen that “half a day’s journey below our factory of Upoto to Boumba, inclusive, there is not an inhabited village left—that is to say, four days’

14 Commission of Inquiry, op. cit., pp. 20, 90. The commission noted that the law gave the blacks complete liberty to move, but that the officials rendered this provision nugatory.
16 Ibid., p. 10; B. O., 1896, p. 284. Decree of Oct. 15. The caution money was returnable six months after the return of the man.
18 Ibid., C. 3880, 1908, p. 35.
19 For hunting elephants an ordinance required permits with a fee of 500 francs for each permit, plus 50 francs for each rifle in the party and 10 francs for each Flintlock musket. Elephants killed in defense of life or property were the property partly or wholly of the State, as the local officials decided. Any killed by State officials belonged to the State. (Louwers: Op. cit., p. 397.) By an ordinance published in October, 1896, B. O., 1896, p. 272, native chiefs might hunt elephants under the above mentioned decree, giving not more than half of the ivory to the State. “The other half” should be their property and after proper marking should be subject to no other tax except export duty. However, the commissioners of the district might prohibit the hunting of elephants for certain periods and places. Further decrees of 1901 and 1904 (Louwers: Op. cit., p. 309, 402; B. O., 1901, p. 52; 1904, p. 11) included many regulations directed, more plainly than those given above, to the conservation of animals. Some kinds of animals were listed which were never to be killed, and others, including elephants, whose young or females with young were not to be killed; and others, again including elephants, were to be killed only in limited numbers. Tusks weighing less than 2 kilograms could not be sold or exported. The Aruwimi Basin and other territories were reserved. Hunting between Oct. 15 and May 15 was entirely forbidden. Later, the sale and even the gift of meat or other parts of animals during this part of the year was forbidden.
steaming through a country formerly so rich, to-day entirely ruined." Kasongo is said to have had a population of 60,000 before the Belgians blotted it out, in their war with the Arab slave traders, and Nyangwe, though not so large, had been the center of trade of all the eastern part of the territory—"all roads lead to Nyangwe"—but was reduced to a single house. Much is said in the consular reports on the decrease of population. While the Congo authorities denied the reliability of the evidence, most of their attention was given to explaining the decrease by attributing it to causes, chiefly sleeping sickness and smallpox, other than those mentioned by their critics. Part of the apparent decrease of population was rather a decrease in its accessibility. The natives lost confidence in the whites, and many villages moved farther from the rivers and the State posts.

Second, the military situation was a cause or a pretext for declaring certain districts closed to trade. Thus the Mari nga River was closed to all expeditions other than those of the State, by order of September 7, 1892, "due to the presence of Arab bands," as the Bomu and Welle had been closed by order of February 14. The Germans complained that the military operations in the eastern part of the State prevented the development of trade with German East Africa. As in other respects, so in this also the concession companies imitated the State. The declaration of martial law in the Abir concession for three months from July 26, 1906, was looked upon by the British consul as an attempt to keep out the missionaries.

Third, in connection with the military raids, the State collected much ivory. As is seen in the figures for the "dead" and "live" ivory sold in Europe, the greater part of the supply which came from the Congo in the early days represented the savings of the chiefs through many years. Considerable quantities fell into the hands of the State, having been either seized in raids—e. g., nearly £25,000 worth at Kasongo—or exacted as tribute, or required for the redemption of hostages.

**EFFECTS ON TRADE.**

The volume of private commerce in the Congo, which continued to exist in spite of the restrictions established by the State, would be very difficult to estimate in figures. In the Upper Congo there is no disagreement concerning the fact that it scarcely existed. In a rough way, the division of the trade between Belgium and other countries shows the development of the State-controlled trade.

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20 Letters from O. S., Yambuya, Feb. 6, 1891, Morel: Op. cit., p. 30. Vessels on the Congo move only by day. So also the State made war on the villages from Lulonga to Bassankusu. (Letters from T. S., Bassankusu, Sept. 17, 1892, ibid., p. 41.)
23 Gt. Brit., Parl. Papers, C, 2097, 1904, p. 13; Cd. 1933, 1904, pp. 24, 70. Bolobo had decreased in population from 40,000 to 7,000 or 8,000. An illustration of the reason alleged by the critics of the Congo State to account for much of the depopulation is seen by orders quoted in the debate in the Belgian Chamber of Deputies—"burn them out if they fail to get 2 kilograms (of rubber); exterminate them if they cut the vines." (59th Cong., 2d sess., Sen. Doc. No. 139, p. 100.)
24 Commission of Inquiry, p. 90. "It often happens that the natives in order to avoid the payment of the impost, especially the rubber tax, migrate either singly or as a mass and establish themselves in another region."
The total trade of the Congo underwent an enormous growth during the years of its exploitation and development by King Leopold. No record was made of imports until the collection of import duties commenced in May, 1892, but an estimate places the total imports of 1886 at less than 1,800,000 francs. Special imports increased rapidly from less than 9,000,000 francs in 1893, the first complete year for which statistics were recorded, to 22,000,000 francs in 1897, and thereafter remained relatively constant.

Special exports increased from less than 2,000,000 francs in 1887 to a maximum of almost 60,000,000 in 1907. Beginning with the year 1899, exports greatly exceeded imports, and the value of the outgoing commerce rapidly rose to more than twice that of the incoming trade.

Table I shows the value of imports and exports, general and special, for alternate years from 1886 to 1908.

Table I.—Trade of the Congo from 1886 to 1908.

| Year      | Imports |  |  |  |  |  |  |  |  |  
|-----------|---------|---|---|---|---|---|---|---|---|---
|           | Special | General | Special | General | Special | General | Special | General |
| 1886      |         |         |         |         |         |         |         |         |
| 1888      |         |         |         |         |         |         |         |         |
| 1889      |         |         |         |         |         |         |         |         |
| 1890      |         |         |         |         |         |         |         |         |
| 1891      |         |         |         |         |         |         |         |         |
| 1892      |         |         |         |         |         |         |         |         |
| 1893      |         |         |         |         |         |         |         |         |
| 1894      |         |         |         |         |         |         |         |         |
| 1895      |         |         |         |         |         |         |         |         |
| 1896      |         |         |         |         |         |         |         |         |
| 1897      |         |         |         |         |         |         |         |         |
| 1898      |         |         |         |         |         |         |         |         |
| 1899      |         |         |         |         |         |         |         |         |
| 1900      |         |         |         |         |         |         |         |         |
| 1901      |         |         |         |         |         |         |         |         |
| 1902      |         |         |         |         |         |         |         |         |
| 1903      |         |         |         |         |         |         |         |         |
| 1904      |         |         |         |         |         |         |         |         |
| 1905      |         |         |         |         |         |         |         |         |
| 1906      |         |         |         |         |         |         |         |         |
| 1907      |         |         |         |         |         |         |         |         |
| 1908      |         |         |         |         |         |         |         |         |

1 July 1, 1886, to June 30, 1887.
2 May 9 to Dec. 31, 1892. Import statistics were not recorded before May 9, 1892.

This great increase of trade, especially of exports, was due primarily to direct exploitation by the State or its concessionary companies of the region of the Upper Congo, above Stanley Pool. This may be shown from a further examination of the official figures which, from 1889 on, show the export trade of the Upper and Lower Congos separately by articles. These figures show the striking contrast between the two regions in the articles which compose the bulk of their trade and in the rapidity of its development.
CONTRAST IN THE TRADE OF THE UPPER AND THE LOWER CONGO.

The exports from the Lower Congo consisted chiefly of palm oil and palm kernels. The totals were relatively stationary. The exports from the Upper Congo were ivory, rubber, and (later) white copal. The trade in ivory developed rapidly before and during the first several years of the State policy of exploitation and reached a maximum in 1895. The rubber trade of the Upper Congo remained practically undeveloped until the State began its exploitation. After 1891 it grew by leaps and bounds, and when it reached its maximum in 1903 it constituted almost nine-tenths of the total exportation of the Congo State. The opening of the railway around the Falls in 1900 brought two changes: Copal, which previously could not bear the expense of transportation, began to appear as an export of the Upper Congo, and most of the rubber and ivory which formerly were entered as products of the Lower Congo now appeared in the statistics of the Upper Congo.

The contrast between the Upper and the Lower Congo is explained much less by the difference in the natural products of the two than by the difference in their history and by the factor of transportation. A number of foreign firms in the Lower Congo, which were established even before Stanley's first trip down the river, remained in business throughout the State régime. They consolidated their position before the State adopted its policy of exploitation. No complaints of State interference with commerce, or at least none of serious character, came from this region. A large grant of land was made to the railway company, and a tax payable in groundnuts was collected, but no monopolies were granted and none of the land was put into the Domaine Privé. The trade of the Lower Congo, accordingly, underwent no great change during the administration of the Congo Free State. The chief exports of the region continued to be palm products. Their quantity slowly increased and the trade in these products was not diverted to Belgium.

In the Upper Congo, on the other hand, until the completion of the railway the only products which could bear the expense of transportation were rubber and ivory. Rubber existed in great quantities, but had not been an article of commerce among the natives. There was little development until the State adopted the policy of forced labor. The quantity of rubber exported then developed with tre-

32 In the closing years of the Congo State cocoa became an important item. A minor product of the Lower Congo had been groundnuts, in which the natives paid their taxes. In 1903 the taxation was reduced by three-fourths and the exportation fell off rapidly; for successive years beginning with 1905 it was 66,000, 13,000, 9,000, 4,000, and 5,000 frames.
33 Except for 1908 and 1909 when the higher price gave a greater total valuation.
34 In 1885 there were four firms in Bambala alone, and one of these, the Dutch Company, had 25 branches between that place and Noki. (Le Mouvement Géographique, 1885, Vol. II, p. 21.)
35 The statement is made in a memorial to Congress in 1904 that "in the Lower Congo free trade, hampered by taxation, still exists in diminishing volume. (58th Cong., 20 sess., Sen. Doc. No. 392, p. 13.) This statement is only partially borne out by the official figures; the trade in palm products was not decreasing, but after the opening of the railway there had been a sudden decrease, almost an annihilation, of the exportation of rubber from the Lower Congo and a striking decrease in the exportation of ivory, as may be seen by comparing the figures for 1900 and 1901. Between 1898 and 1900 the figures give the destination of the different articles of special commerce and show that two-thirds of the palm products were sent to the neighboring Portuguese colonies. The trade in these products was largely in the hands of the Nieuwe Afrikaansche Handelsvemerchandise, commonly called the Dutch Company.
36 The law restricting the taxes upon the natives to 40 hours per month reduced the taxation in the Lower Congo by three-fourths. (Cauffier: Etude, p. 132.) The Commission of Inquiry decided that this taxation in groundnuts—for which a payment was made to the natives by the State—was unprofitable and the business should be turned over to private commerce.
mendous rapidity until it attained its maximum in 1903. With the exhaustion of some regions and the introduction of various reforms in the administration, the quantity decreased, though rubber continued to be the predominant article of commerce. Table 2 shows this predominance of rubber and illustrates the other points just made.

Table 2.—Exports from the Upper and Lower Congo, by articles, 1889-1909.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Special exports (total)</th>
<th>Rubber</th>
<th>Ivory</th>
<th>White copal</th>
<th>Palm oil and palm kernels</th>
<th>Cocoa</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upper Congo</td>
<td>Lower Congo</td>
<td>Upper Congo</td>
<td>Lower Congo</td>
<td>Upper Congo</td>
<td>Lower Congo</td>
</tr>
<tr>
<td>1889</td>
<td>1,979</td>
<td>2,318</td>
<td>50</td>
<td>409</td>
<td>1,929</td>
<td>341</td>
</tr>
<tr>
<td>1891</td>
<td>2,231</td>
<td>3,093</td>
<td>51</td>
<td>275</td>
<td>2,842</td>
<td>1,519</td>
</tr>
<tr>
<td>1893</td>
<td>4,076</td>
<td>2,131</td>
<td>965</td>
<td>3,719</td>
<td>2,842</td>
<td>1,519</td>
</tr>
<tr>
<td>1895</td>
<td>1,101</td>
<td>2,582</td>
<td>2,382</td>
<td>500</td>
<td>3,741</td>
<td>131</td>
</tr>
<tr>
<td>1897</td>
<td>12,390</td>
<td>2,757</td>
<td>5,126</td>
<td>354</td>
<td>3,741</td>
<td>131</td>
</tr>
<tr>
<td>1898</td>
<td>19,353</td>
<td>2,810</td>
<td>14,245</td>
<td>606</td>
<td>4,106</td>
<td>213</td>
</tr>
<tr>
<td>1899</td>
<td>32,318</td>
<td>2,749</td>
<td>21,988</td>
<td>1,153</td>
<td>3,349</td>
<td>489</td>
</tr>
<tr>
<td>1900</td>
<td>38,139</td>
<td>2,330</td>
<td>43,875</td>
<td>91</td>
<td>3,897</td>
<td>68</td>
</tr>
<tr>
<td>1901</td>
<td>48,822</td>
<td>2,998</td>
<td>43,302</td>
<td>176</td>
<td>3,791</td>
<td>49</td>
</tr>
<tr>
<td>1902</td>
<td>53,166</td>
<td>5,112</td>
<td>46,599</td>
<td>1,890</td>
<td>4,435</td>
<td>20</td>
</tr>
<tr>
<td>1903</td>
<td>57,755</td>
<td>4,577</td>
<td>55,132</td>
<td>647</td>
<td>5,300</td>
<td>6</td>
</tr>
<tr>
<td>1904</td>
<td>51,256</td>
<td>4,641</td>
<td>41,839</td>
<td>730</td>
<td>6,438</td>
<td>125</td>
</tr>
</tbody>
</table>

1 From the Bulletin Officiel, except those of 1893 for rubber, ivory, and palm products.
2 Decrease chiefly in value.
3 Increase in quantity, but at a price per unit half again as great as in the preceding year.

The Upper Congo trade was almost entirely in the hands of the State and of the concessionary companies. It was frequently said that in this region, particularly on the main river above Stanley Pool, private trade "does not exist." All the independent merchants have long since disappeared," said Morel, writing in 1904. Similar expressions might be quoted from other well-informed writers, but they must be taken as generalizations, since a certain amount of private trade persisted in the "free area" of the Upper Congo. The Kasai River was exploited by 14 different companies, and its trade was not made a monopoly until 1901. On the Ikelemba and Lulonga Rivers numerous small companies or traders were established, though the cream of the resources of the Lulonga had been skimmed before the river basin was thrown open to trade. The free area between Stanley Falls and Isangsi was divided among the factories represented at Stanleyville, each of which had a monopoly in its own villages.

Roger Casement, British consul, reported that there were four trading houses at Leopoldville, run by seven Europeans, besides two British West African petty traders; but they did "scarcely any business in native produce, of which there may be said to be none in the

---

1 The quantity exported in 1903 was 3,903,000 kilograms, and in 1904, 4,811,000 kilograms. This decrease was more than accounted for by the products of the Domaine Privé, the Domaine de la Couronne, and of the "Abri" and the Société Anonyme. The first two exported 800,000 kilograms less in 1904 than in 1903, and the two latter 670,000 less. There was a further fall in the two latter in 1893 of 390,000 kilograms. The total export decreased steadily from 6,394,000 kilograms in 1908 and then fell to 3,868,000 in 1909. In 1909 the price averaged 11.35 francs per kilogram, as against 6.75 in the previous year, and the value of the total export increased by some 45 per cent. (Le Mouvement Géographique, 1899, p. 532.)
4 Gt. Brit., Parl. Papers, Cd. 1933, 1934, p. 44. See map at end of Cattier, Etude, etc.
5 1904, Cd. 4350, 1907, p. 49.
district, but rely upon a cash trade in Congolese currency, carried on with the large staff of Government employees, both European and native."

The British vice consul at Stanleyville made a number of references to isolated traders, chiefly Indians; and the following statement shows that there was some private trade:

If trade and navigation were really free and guarded by proper police, German trade through Ujiji, which already exists to some extent, might be greatly developed, as well as that with the British colonies and Zanzibar. ** * * The operations of the Dutch traders who up to a few months ago had quite a considerable fleet of steamers on the Upper Congo and its affluents, and of the French in Brazzaville and of the Portuguese would also benefit greatly. ** * * All these have practically disappeared from the Upper Congo.**

Remnants of private trade no doubt persisted in certain parts of the Upper Congo throughout the Leopoldian régime, but it remained substantially true, as the British vice consul observed, that the only way in which goods could be introduced there was to persuade the State to introduce them.**

**

**TRADE BETWEEN THE CONGO AND BELGIUM.**

The extent to which the activities of the State closed the Congo to outside commerce is indicated by the statistics for the trade with Belgium. Although in this case there was no differential duty in favor of the home country, and although trade conditions were nominally equal for merchants of all nationalities, nevertheless, the political connection, and above all the monopolization of the resources to so great a degree by the State, rapidly established a great current carrying the bulk of the trade to and from Belgium. This tendency made its appearance, however, even before monopolization was adopted as a policy. This early appearance was chiefly due to two factors—the great expenditures of the State in exploring and governing the country** and the preponderance of Belgian interests in the commercial companies which were organized to trade in the Upper Congo. While many of these companies included some foreign capital, their control was predominantly Belgian.**

In the years immediately following the organization of the Congo State, Belgian trade formed an almost negligible proportion of its total. In 1888 exports to Belgium were only 250,000 francs out of a total of 7,392,000, while those to Great Britain were valued at 937,000 francs, and those to Holland at 4,943,000 francs (figures for general trade). In that year only 210 francs worth of rubber went to Belgium, the exact amount credited to the Upper Congo. Of the 250,000 francs of total exports to Belgium in 1888, ivory accounted for 245,000; and the Upper Congo already surpassed the Lower Congo in the exportation of ivory, 564,000 francs to 533,000 (special

**42 Ibid., Cd., 1933, 1904, p. 22; Commission of Inquiry, p. 112.**

**43 Ibid., Cd. 3450, 1907, p. 50.**

**44 Ibid., Cd. 3850, 1908, p. 10.**

**In 1905 imports showed a decrease of 3,300,000 francs as compared with the previous year. The Bulletin Official makes this comment: “The decrease in imports is explained chiefly by the suppression by the State, with a view to economy, of a certain number of posts.” (B. O., 1907, p. 146.) In 1901 there were six Belgian companies established in the Congo with a capital of 34,000,000 francs. In 1907 there were 57 Belgian companies with a capital of 143,000,000 francs and 26 foreign companies with a capital of 40,000,000. (Ibid., p. 147) No details are given in support of these figures.)

**46 This was true both of the early commercial and of the later concessionary companies, and even when their names suggest otherwise, e.g., the Anglo-Belgian India Rubber Company—the “Abr”—had only a small portion of British capital, and this was later withdrawn.**
commerce). In 1890, when the Upper Congo exported 3,905,000 francs of ivory and the Lower, 764,000, Belgium received 2,047,000 and Holland only 1,961,000 francs.\(^7\) As the exports of ivory from the Lower Congo fell off, Belgium received an increased share not only of the total, but of that from the Upper Congo as well. In 1895, 97 per cent of the total export of ivory (general commerce) went to Belgium. At that time ivory was still twice as important in the trade as rubber, so that it is not surprising that the share of Belgium in the total exports of all commodities was 9,000,000 out of 12,136,000 francs. In 1898, for which year the destination is given for special as well as general commerce, Belgium's share of the special commerce was 57.2 per cent. In 1901 this proportion had grown to 93 per cent. This increase in Belgium's share was due primarily to the rapid increase of the rubber exports from the Upper Congo.\(^8\) In absolute values there was no decline in the exports to other foreign countries.

Table 3 shows the leading exports from the Congo, and the share of each that went to Belgium from 1889 to 1908. For the earlier years, figures are available only for the destination of the general commerce, and until 1898 the items in the table refer, accordingly, to that classification.

**Table 3.—Exports from the Congo, by articles, 1889-1908.**

<table>
<thead>
<tr>
<th>Year</th>
<th>General exports</th>
<th>Special exports</th>
<th>Rubber</th>
<th>Ivory</th>
<th>Palm oil and palm kernel</th>
<th>White copal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To Belgium</td>
<td>Total</td>
<td>To Belgium</td>
<td>Total</td>
<td>To Belgium</td>
<td>Total</td>
</tr>
<tr>
<td>------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>----------</td>
<td>-------</td>
<td>-------------</td>
<td>-------</td>
</tr>
<tr>
<td>1889</td>
<td>556</td>
<td>5,573</td>
<td>4,288</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1891</td>
<td>1,534</td>
<td>10,536</td>
<td>5,354</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1893</td>
<td>3,135</td>
<td>7,515</td>
<td>6,296</td>
<td>2,137</td>
<td>607</td>
<td>2,596</td>
</tr>
<tr>
<td>1895</td>
<td>9,030</td>
<td>12,136</td>
<td>10,643</td>
<td>2,834</td>
<td>3,197</td>
<td>6,148</td>
</tr>
<tr>
<td>1897</td>
<td>12,885</td>
<td>17,497</td>
<td>15,147</td>
<td>2,834</td>
<td>3,197</td>
<td>6,148</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>GENERAL EXPORTS.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1889</td>
<td>20,147</td>
<td>25,307</td>
<td>22,163</td>
<td>15,237</td>
<td>15,531</td>
</tr>
<tr>
<td></td>
<td>1891</td>
<td>48,327</td>
<td>54,008</td>
<td>47,083</td>
<td>42,548</td>
<td>43,866</td>
</tr>
<tr>
<td></td>
<td>1893</td>
<td>57,612</td>
<td>64,053</td>
<td>51,591</td>
<td>45,333</td>
<td>45,478</td>
</tr>
<tr>
<td></td>
<td>1895</td>
<td>64,505</td>
<td>76,781</td>
<td>54,398</td>
<td>48,357</td>
<td>48,443</td>
</tr>
<tr>
<td></td>
<td>1897</td>
<td>64,505</td>
<td>56,867</td>
<td>30,429</td>
<td>43,372</td>
<td>30,762</td>
</tr>
</tbody>
</table>

The Bulletin Officiel for 1896 states that practically none of the import trade in 1886 was in Belgian goods; and the fact that the houses engaged in trade were Dutch, English, French, and Portuguese, while there was only one Belgian employee among their staffs, is evidence in confirmation of this statement. With large imports on behalf of the State and of the commercial companies organized

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\(^7\) In these years, the source—Upper or Lower Congo—is given only for the special commerce; the destination, only for the general commerce. The figure 1,961,000 may include a large fraction of transit trade.

\(^8\) In 1898 with the fall in price of rubber it decreased to 0.9 per cent.
The following table shows the percentage of the chief items of trade which had their immediate source in Belgium in 1895 and in 1909. They show that the share of Belgium increased in every item except dried fish, flours, machinery and tools, and iron sheets, wire, bars, nails, etc.; and with the further exception of steel rails, in which Belgium had a monopoly in both years.

### Table 4. Imports of the Congo Free State (special trade), by countries, for selected years.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Belgium</th>
<th>England</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Value.</td>
<td>Per cent of total.</td>
<td>Value</td>
</tr>
<tr>
<td>1892</td>
<td>4,985</td>
<td>1,913</td>
<td>38.4</td>
<td>1,511</td>
</tr>
<tr>
<td>1893</td>
<td>9,175</td>
<td>4,423</td>
<td>48.2</td>
<td>2,391</td>
</tr>
<tr>
<td>1894</td>
<td>11,195</td>
<td>6,228</td>
<td>55.6</td>
<td>2,481</td>
</tr>
<tr>
<td>1895</td>
<td>10,688</td>
<td>6,360</td>
<td>60.0</td>
<td>2,537</td>
</tr>
<tr>
<td>1896</td>
<td>13,220</td>
<td>10,162</td>
<td>77.6</td>
<td>2,901</td>
</tr>
<tr>
<td>1897</td>
<td>22,181</td>
<td>16,272</td>
<td>73.4</td>
<td>2,595</td>
</tr>
<tr>
<td>1901</td>
<td>23,102</td>
<td>16,716</td>
<td>72.4</td>
<td>2,881</td>
</tr>
<tr>
<td>1904</td>
<td>23,344</td>
<td>17,370</td>
<td>74.4</td>
<td>2,634</td>
</tr>
<tr>
<td>1905</td>
<td>20,075</td>
<td>13,889</td>
<td>69.2</td>
<td>2,721</td>
</tr>
<tr>
<td>1906</td>
<td>21,478</td>
<td>15,285</td>
<td>71.2</td>
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<td>26,388</td>
<td>19,734</td>
<td>74.2</td>
<td>2,419</td>
</tr>
<tr>
<td>1909</td>
<td>22,127</td>
<td>15,507</td>
<td>70.1</td>
<td>2,673</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Holland</th>
<th>Portugal and possessions</th>
<th>France</th>
<th>All other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Per cent of total.</td>
<td>Value</td>
<td>Per cent of total.</td>
</tr>
<tr>
<td>1892</td>
<td>502</td>
<td>11.3</td>
<td>305</td>
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</tr>
<tr>
<td>1893</td>
<td>724</td>
<td>7.9</td>
<td>318</td>
<td>3.5</td>
</tr>
<tr>
<td>1894</td>
<td>704</td>
<td>6.3</td>
<td>553</td>
<td>4.9</td>
</tr>
<tr>
<td>1895</td>
<td>863</td>
<td>8.1</td>
<td>422</td>
<td>3.9</td>
</tr>
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<td>1896</td>
<td>668</td>
<td>4.4</td>
<td>436</td>
<td>3.0</td>
</tr>
<tr>
<td>1897</td>
<td>911</td>
<td>4.1</td>
<td>350</td>
<td>1.6</td>
</tr>
<tr>
<td>1901</td>
<td>869</td>
<td>3.8</td>
<td>191</td>
<td>0.8</td>
</tr>
<tr>
<td>1904</td>
<td>555</td>
<td>2.3</td>
<td>621</td>
<td>2.7</td>
</tr>
<tr>
<td>1905</td>
<td>772</td>
<td>3.8</td>
<td>516</td>
<td>2.6</td>
</tr>
<tr>
<td>1906</td>
<td>629</td>
<td>2.9</td>
<td>394</td>
<td>2.8</td>
</tr>
<tr>
<td>1908</td>
<td>574</td>
<td>2.2</td>
<td>903</td>
<td>3.4</td>
</tr>
<tr>
<td>1909</td>
<td>480</td>
<td>2.2</td>
<td>727</td>
<td>3.3</td>
</tr>
</tbody>
</table>

1From B. O. de l'État Ind., du Congo.
2The figures for these years are from Le Mouvement Géographique.
3May 9-Dec. 31, 1892.
Table 5.—Chief imports into the Congo Free State from Belgium and all other countries, 1895 and 1909.

[In thousands of francs.]

<table>
<thead>
<tr>
<th>Item</th>
<th>1895 Total imports, value</th>
<th>From Belgium Value.</th>
<th>From Belgium Per cent.</th>
<th>1900 Total imports, value</th>
<th>From Belgium Value.</th>
<th>From Belgium Per cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dried</td>
<td>1,161</td>
<td>819</td>
<td>70.5</td>
<td>3,812</td>
<td>3,143</td>
<td>82.5</td>
</tr>
<tr>
<td>Printed</td>
<td>532</td>
<td>193</td>
<td>23.8</td>
<td>661</td>
<td>182</td>
<td>27.5</td>
</tr>
<tr>
<td>Gray</td>
<td>470</td>
<td>344</td>
<td>73.2</td>
<td>529</td>
<td>456</td>
<td>86.2</td>
</tr>
<tr>
<td>White</td>
<td>68</td>
<td>31</td>
<td>45.0</td>
<td>359</td>
<td>237</td>
<td>66.0</td>
</tr>
<tr>
<td>Foodstuffs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conserves 1</td>
<td>814</td>
<td>413</td>
<td>50.7</td>
<td>2,421</td>
<td>1,907</td>
<td>62.2</td>
</tr>
<tr>
<td>Rice</td>
<td>342</td>
<td>287</td>
<td>83.9</td>
<td>556</td>
<td>480</td>
<td>87.4</td>
</tr>
<tr>
<td>Dried fish</td>
<td>334</td>
<td>170</td>
<td>50.9</td>
<td>652</td>
<td>66</td>
<td>11.0</td>
</tr>
<tr>
<td>Flour 2</td>
<td>168</td>
<td>113</td>
<td>67.3</td>
<td>397</td>
<td>221</td>
<td>55.7</td>
</tr>
<tr>
<td>Liquors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spirits</td>
<td>631</td>
<td>48</td>
<td>7.3</td>
<td>391</td>
<td>74</td>
<td>24.6</td>
</tr>
<tr>
<td>Wines</td>
<td>314</td>
<td>100</td>
<td>31.8</td>
<td>1,094</td>
<td>359</td>
<td>32.8</td>
</tr>
<tr>
<td>Beer</td>
<td>152</td>
<td>49</td>
<td>32.2</td>
<td>397</td>
<td>157</td>
<td>47.1</td>
</tr>
<tr>
<td>Clothing and underwear</td>
<td>364</td>
<td>275</td>
<td>48.3</td>
<td>1,614</td>
<td>1,333</td>
<td>79.2</td>
</tr>
<tr>
<td>Building materials</td>
<td>295</td>
<td>183</td>
<td>62.7</td>
<td>294</td>
<td>233</td>
<td>79.0</td>
</tr>
<tr>
<td>Steel rails</td>
<td>326</td>
<td>320</td>
<td>100.0</td>
<td>1,328</td>
<td>1,348</td>
<td>100.0</td>
</tr>
<tr>
<td>Copper wire</td>
<td>306</td>
<td>265</td>
<td>86.6</td>
<td>191</td>
<td>188</td>
<td>97.4</td>
</tr>
<tr>
<td>Machinery and tools 1</td>
<td>704</td>
<td>658</td>
<td>97.7</td>
<td>989</td>
<td>834</td>
<td>84.4</td>
</tr>
<tr>
<td>Iron sheets, wire, bars, nails, etc. 2</td>
<td>140</td>
<td>126</td>
<td>90.0</td>
<td>235</td>
<td>191</td>
<td>81.3</td>
</tr>
<tr>
<td>Hardware 3</td>
<td>319</td>
<td>119</td>
<td>37.3</td>
<td>877</td>
<td>531</td>
<td>60.5</td>
</tr>
<tr>
<td>Glass and glassware</td>
<td>257</td>
<td>72</td>
<td>29.4</td>
<td>205</td>
<td>69</td>
<td>33.7</td>
</tr>
</tbody>
</table>

1 From Bul. Of. de l'Etat Ind. du Congo.
2 "Conserves"—meat, fish, n. e. s., leguminas, butter, cheese, etc.
3 Including biscuit, starch, etc.
4 Not including marine engines and other equipment for vessels.
5 Includes kitchen and household utensils, and miscellaneous articles for natives (bracelets, machetes, looking glasses).

SUMMARY: DIFFERENCE BETWEEN THEORY AND PRACTICE.

The Congo Free State afforded a significant example of the nullification in practice of provisions carefully drawn to safeguard freedom of trade and the open door. A study merely of the treaties and tariffs of the State would point to complete equality of trading opportunities for merchants of all nationalities. But the elaborate treaty stipulations guaranteeing equal trading facilities to the subjects of all countries were rendered almost entirely inoperative by legislative and administrative action, which was nevertheless stoutly defended as within the sovereign rights of the State and as not contrary to the treaties. 51

At the conference of Berlin in 1885, where the Congo Free State first received general recognition, the powers agreed that "all flags without distinction of nationality shall have free access to the whole of the territories above enumerated. Wares of whatever origin imported into these regions under whatsoever flag shall be subject to no other taxes than such as must be equally borne by the subjects themselves and by foreigners of all nationalities. No power which exercises or shall exercise sovereign rights in the above-mentioned regions shall be allowed to grant therein a monopoly or favor of any kind in matters

51 E. g., B. O., 1907, pp. 249 ff.
of trade." These liberal regulations were intended completely to preserve the open door in the Congo; and traders of all nations might have expected to find in its territories the same free facilities for buying produce and selling their wares. In fact, however, private merchants had little opportunity either to sell or to buy, since the bulk of the commerce, including almost the entire trade of the vast interior region known as the Upper Congo, was kept in the hands of officials and privileged companies for the benefit primarily of the private fortune of Leopold II, King of the Belgians.

The government of the State during the period in question was vested wholly in King Leopold, acting not as the constitutional ruler of Belgium, but as the absolute monarch of the Congo Free State. By laws and decrees of his administration, and by various acts of administrative repression on the part of his subordinates in the Congo, the larger part of the Upper Congo was effectually closed to private traders, and the bulk of the commerce was reserved to the State or to the concessionary companies which were practically agents of the State.

The most important instrument in accomplishing this result was the land law. Throughout vast regions all the land not actually occupied by the natives was claimed by the State as vacant land and reserved for exclusive exploitation, either for the State itself or for the private fortune of King Leopold, or for a few concessionaires.

Ivory and rubber, the two most profitable (and for a long time the only profitable) products of the Upper Congo, were declared "domanial" property, and trade in these products by outsiders was prohibited or greatly restricted. Through these regions the natives were forbidden to collect the natural products even from lands which they had always considered their own and to sell them to private traders. In the so-called free area, while some private trade survived, its competition with the State was greatly hampered by heavy taxation and by various restrictions.

In addition to the land laws, other decrees and regulations contributed to maintain the trade monopoly. Under the guise of taxation the government of the Congo Free State required from the natives under its control either forced labor or an equivalent paid in certain native products. The demands were often so great as to leave the natives little time or opportunity to acquire any surplus for sale or barter. Trade was further hampered by the failure of the authorities to introduce currency into most of the regions under their control. The military situation was the cause or pretext for declaring certain districts closed to trade. Finally, although treaties forbade rate discriminations upon the railways and canals required for transportation around the rapids and cataracts of the Congo, administrative regulations of various sorts hampered shipment of goods by outside traders.

The testimony of witnesses, both unofficial and official, both adversely and favorably critical, is that under the régime of King Leopold—before the annexation of the Congo Free State to Belgium as a colony, and the introduction of reforms by the Belgian Government—nothing remotely resembling an "open door" obtained in the Congo, notwithstanding all the treaty regulations, and notwithstanding the absence of differential tariffs or customs discriminations.

*See p. 85.*
Without doubt largely as a result of these State activities and these restrictions on private enterprise, Belgium's proportion of the export trade of the entire Congo, negligible in 1888, increased in a decade to about 90 per cent of the total. State control of commerce also accounts in large part for the fact that Belgium's share of the import trade increased by 1897 to 70 per cent. These increases occurred in spite of the fact that in the Lower Congo, where foreign traders had been well established long before the Belgian occupation, freedom of trade was restricted to a comparatively slight degree. During the years of King Leopold's government it was in this lower district almost alone that outside traders were able to carry on commerce.

Prior to 1885 there had been free trade and equality of opportunity on the Congo. At the conference of Berlin it was agreed that this freedom and equality should be written into the public law of Europe. Experienced diplomats put this purpose into the words of the general act of the conference of Berlin. Yet within a few years the Congo State and a few concessionary companies were monopolizing the products of the greater part of a million square miles. In the light of events it is now obvious that the diplomats when faced by a new problem failed to express themselves in such a way that the spirit of their agreement could be evaded only by a clear violation of its specific provisions. Freedom of commerce was destroyed in the Congo by invoking the proprietary rights of the State, which were not mentioned in the treaty, and which the State stoutly maintained were in no way limited by the treaty. Alternatively it may be said that the defect of the general act of the conference of Berlin lay in its failure to provide effectively for its interpretation and its continuous application. No periodic sessions of the conference were provided for—no international body was created to supervise the execution of the act, and no judicial body was instituted or authorized to determine whether or not the various possessors of territory within the free-trade area were maintaining that freedom and equality which were designed by the framers of the act.

PART II.—THE BELGIAN CONGO.

I. INTRODUCTION.

ANNEXATION OF THE CONGO FREE STATE BY BELGIUM.

The Congo Free State was the outgrowth of an organization which was, in form at least, international. Until the recognition of the State in 1885 only a minority of the explorers and other agents employed had been Belgian. But as the enterprise was dominated by Leopold II it was even then looked upon as Belgian and the State

53 The general act provided for an international commission, but its province was limited to the regulation of the navigation of the Congo, and the commission was in fact never instituted. By article 31 "the signatory powers of the present general act reserve to themselves to introduce in it subsequently, and by common accord, such modifications and improvements as experience may show to be expedient." This stipulation for revision by unanimous consent was legally superfluous and practically useless. The conference at Brussels which revised this act by allowing import duties up to 10 per cent, met before the Congo State adopted its policy of monopoly and exploitation, and the suggestion for revision of the rates of import duty at the end of 20 years has been ignored. But see p. 120, infra.
was sometimes loosely spoken of in the eighties and nineties as a Belgian colony. In 1889 Leopold made a will by which he bequeathed the Congo to Belgium. In the following year, when the Belgian legislative bodies authorized a loan to the Congo State, they obtained the option of taking over that State at the end of 10 years. In 1895 the Congo State was again in financial difficulties and a project for its annexation was prepared by the Belgian minister of foreign affairs. This project was not favorably received by public opinion and the matter was dropped. In 1901 the question of exercising the option obtained 10 years previously was debated, but through Leopold’s influence it was laid on the table. After the report of the Commission of Inquiry in 1905 and the report of another special commission early in 1906, the question of annexation took a prominent place in Belgian politics for more than two years. Leopold himself recommended this annexation, but he was reluctant to give up the Domaine de la Couronne, and long negotiations were necessary on this and other points. A law for the organization of a colonial office and for the government of the prospective colony was carefully drafted and discussed at length. This law and the treaty of annexation were finally enacted on October 18, 1908, and a month later (Nov. 15) the Congo was formally transferred to Belgium.54

SITUATION AND COMMERCE.

Belgium’s only colony covers an area of 909,600 square miles—eighty times the size of Belgium. The peoples of the Congo are of many tribes, chiefly of Bantu stock. The population has been estimated officially at 7,000,000, but as there are 4,000 square miles to every station or post of the Government it is not surprising that this estimate is questioned. The European element in January, 1920, numbered only 6,971, of whom 51 per cent were Belgians.

The Congo lies on both sides of the Equator and wholly within the Tropics, but the southeastern province, Katanga, which extends beyond 13° south, and which lies at an altitude of 3,000 feet and upward, is a “white man’s country.” Small mountain ranges separate the main area of the Congo from the coastal plain along the Atlantic Ocean and from the basin of the Zambesi River, and much higher ranges run through and around Katanga and up the eastern boundary of the colony. Within these mountains lies a vast plain, once an inland sea. Most of the country is heavily wooded, but there are large savannas, especially in the northern part. The rivers which cross the plain are navigable for great distances and form one of the world’s most magnificent systems of waterways. The Congo carries a volume of water second only to that of the Amazon and its descent of some 600 feet between Leopoldville and Matadi offers the greatest unused water power in the world.

The exportable wealth of the Belgian Congo until shortly before the war consisted chiefly of ivory and the native vegetable products—rubber, gum copal, and palm kernels. Coffee, cocoa, and rubber plantations had been established, but had not begun to produce on a large scale; in 1912 and 1913 only cocoa was exported to the value of more than a million francs. Tobacco, rice, cotton, and ground-

nuts were also grown. Among the various exports, rubber, though it no longer constituted 80 per cent of the total as in 1900–1908, still ruled without a rival; through 1912 it continued to constitute more than one-half of the value of the total exports. Since 1912, through causes for the most part unconnected with the war, the situation has completely changed. Owing to the rapid development of plantation rubber in Malaya the price of rubber fell sharply in 1912 and 1913 and attention in the Congo was turned to gum copal and palm products. About the same time the development of the mineral resources of the Congo began to show striking results. The South African railway system was extended into the Katanga region and a rapid development of the copper mines began. Gold mining was also developed on a larger scale and in more recent years diamonds have been found in large quantities in the valley of the Kasai. The most recent figures show that both copper and gold now exceed in value the highest point ever reached by rubber. Palm products appear to have become of greater importance than rubber, and diamonds than ivory. Table 6 shows the chief exports—vegetable, animal, and mineral—of the Belgian Congo during recent years, and brings out strikingly the decrease in the value of the rubber exported and the increase in copper.

Table 6.—Principal exports from the Belgian Congo (general trade). [In thousands of francs.]

<table>
<thead>
<tr>
<th>Year</th>
<th>General exports, total</th>
<th>Rubber</th>
<th>Ivory</th>
<th>Palm kernels</th>
<th>Palm oil</th>
<th>Copal</th>
<th>Gold, crude</th>
<th>Copper, ore and crude</th>
<th>Cocoa</th>
<th>All other products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>96,459</td>
<td>76,090</td>
<td>9,381</td>
<td>3,101</td>
<td>2,916</td>
<td>1,316</td>
<td>2,515</td>
<td>95</td>
<td>1,071</td>
<td>54</td>
</tr>
<tr>
<td>1911</td>
<td>79,666</td>
<td>59,424</td>
<td>9,237</td>
<td>3,504</td>
<td>2,032</td>
<td>3,356</td>
<td>3,119</td>
<td>6,316</td>
<td>900</td>
<td>778</td>
</tr>
<tr>
<td>1912</td>
<td>85,604</td>
<td>53,571</td>
<td>9,359</td>
<td>3,206</td>
<td>1,286</td>
<td>6,281</td>
<td>3,322</td>
<td>6,807</td>
<td>1,120</td>
<td>868</td>
</tr>
<tr>
<td>1913</td>
<td>72,366</td>
<td>27,320</td>
<td>11,675</td>
<td>4,844</td>
<td>1,342</td>
<td>8,935</td>
<td>6,000</td>
<td>6,095</td>
<td>1,056</td>
<td>9,829</td>
</tr>
<tr>
<td>1914</td>
<td>61,702</td>
<td>10,631</td>
<td>7,092</td>
<td>3,623</td>
<td>1,574</td>
<td>6,284</td>
<td>3,195</td>
<td>13,529</td>
<td>13,833</td>
<td></td>
</tr>
<tr>
<td>1915</td>
<td>82,290</td>
<td>11,197</td>
<td>4,589</td>
<td>5,181</td>
<td>2,130</td>
<td>2,813</td>
<td>13,524</td>
<td>28,548</td>
<td>15,349</td>
<td></td>
</tr>
<tr>
<td>1916</td>
<td>148,770</td>
<td>17,473</td>
<td>7,929</td>
<td>12,754</td>
<td>5,351</td>
<td>5,080</td>
<td>9,411</td>
<td>65,914</td>
<td>25,153</td>
<td></td>
</tr>
<tr>
<td>1917</td>
<td>183,545</td>
<td>20,300</td>
<td>5,426</td>
<td>25,704</td>
<td>2,785</td>
<td>7,416</td>
<td>31,374</td>
<td>42,900</td>
<td>13,992</td>
<td></td>
</tr>
<tr>
<td>1918</td>
<td></td>
<td>3,050</td>
<td>20,368</td>
<td>5,639</td>
<td>2,705</td>
<td>7,416</td>
<td>31,374</td>
<td>42,900</td>
<td>13,992</td>
<td></td>
</tr>
<tr>
<td>1919</td>
<td></td>
<td>15,978</td>
<td>39,552</td>
<td>15,279</td>
<td>14,981</td>
<td>13,914</td>
<td>10,419</td>
<td>42,900</td>
<td>13,992</td>
<td></td>
</tr>
</tbody>
</table>

1 General trade includes exports having their origin outside of the Belgian Congo. These figures can not therefore be compared with the figures for the special exports of the Congo Free State given on page 110. The figures for special exports are available for the years 1910-1912 and show that one-third of the rubber and more than one-third of the ivory included in general exports had its origin outside of the Belgian Congo.

For gold, copal, and cocoa the figures are practically identical. The more important differences are shown in the following figures for the special trade:

1910                      | 34,391 | 5,832 | 2,777      | 1,223   | 4,115  |
1911                      | 34,477 | 5,988 | 2,873      | 1,732   | 3,993  |
1912                      | 34,237 | 5,083 | 2,657      | 1,798   | 3,993  |

2,353 kilos valued at over 12,000,000 francs. In presenting the Belgian budget for 1920 M. Delacroix stated that it was expected that the production of gold in the Congo would reach 80,000,000 francs during the year. (The Times (London), Apr. 29, 1920.)

2 27,500 tons valued at over 85,000,000 francs.

3 Diamonds only

The import trade presents a feature unusual among the comparatively new colonies of Africa—its value seldom equals that of the export trade. The value of principal groups of imports for the years 1913 and 1916 are shown in Table 7.

18 See Table 6 but note that the figures (general trade) for rubber and ivory probably include foreign products to the extent of one-third or more, while a much smaller part of the palm kernels and palm oil is produced outside of the Belgian Congo and little or none of the copper. See Note 1 to Table 6.
At the time when the Congo became a colony of Belgium its trade was already largely with that country—above 90 per cent of the colony’s exports went to Belgium and 70 per cent of its imports came from Belgium. Until the beginning of the war there was no great change in these percentages, but the war of course practically annihilated Belgian trade. Table 8 gives the official figures for the shares of the leading countries in the import trade of the Belgian Congo in specified years during the period 1910-1916. As in other similar tables, the figures indicate rather the immediate source than the origin of the products. As the United States had no direct lines of communication with the Congo, most of its products were credited to Belgium, Great Britain, or Germany.

### Table 8.—Special imports into the Belgian Congo.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>From Belgium</th>
<th>From Great Britain</th>
<th>From Germany</th>
<th>From France</th>
<th>From the Netherlands</th>
<th>All other</th>
<th>Value</th>
<th>Per cent of total</th>
<th>Value</th>
<th>Per cent of total</th>
<th>Value</th>
<th>Per cent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>37,182</td>
<td>27,260</td>
<td>73.3</td>
<td>3,708</td>
<td>10.2</td>
<td>1,066</td>
<td>2.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,199</td>
<td>8.5</td>
</tr>
<tr>
<td>1912</td>
<td>44,715</td>
<td>35,785</td>
<td>65.4</td>
<td>5,570</td>
<td>10.4</td>
<td>4,079</td>
<td>7.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,600</td>
<td>6.8</td>
</tr>
<tr>
<td>1914</td>
<td>41,885</td>
<td>32,709</td>
<td>78.5</td>
<td>5,945</td>
<td>11.9</td>
<td>3,002</td>
<td>6.8</td>
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<td></td>
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<td>5,136</td>
<td>9.5</td>
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<td>1916</td>
<td>44,295</td>
<td>32,974</td>
<td>73.8</td>
<td>5,945</td>
<td>11.9</td>
<td>2,789</td>
<td>6.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,790</td>
<td>6.5</td>
</tr>
</tbody>
</table>

a This item includes from Rhodesia 4,812 thousands, or 8.9 per cent; Union of South Africa 5,186 thousands or 9.5 per cent; United States 1,304 thousands, or 2.4 per cent.

b 1912 shows a decrease in the Belgian share of imports to 55.4 per cent. Figures for 1913 are not available.
II. GOVERNMENT AND MAKING OF TARIFFS.

The organic act of the Belgian Congo is the law of October 18, 1908, known as the colonial charter, and its amendments. By this law all legislative power not otherwise specified in the charter is conferred upon the King of the Belgians; but by general legal theory and by the text of the law, the right to intervene at any time and pass a law on any subject is reserved to the legislature. The King, moreover, in this case is merely the constitutional figurehead who can act only through his ministers, and the law specified that the legislative decrees shall be made on the proposal of the minister of the colonies, and that every act of the King (executive as well as legislative) must be countersigned by a minister. 58

Three of the reservations regarding legislative power are of some importance. By Article X of the charter, custom duties and taxes of all kinds may be imposed only by decree of the King. The delegation to the governor general of this power was thus precluded; but the intention of the framers of the bill to allow the executive a free hand was nullified by an amendment by the legislature which provided that the decrees should come into force only after approval in the next budget law. 59 As treaties have been so important in the tariff history of the Congo, it should be noted that those relating to the Congo territory are subject to the same rule as those for Belgium itself—the requirement of article 68 of the Belgian constitution that treaties of commerce and certain others shall receive the approval of Parliament. 60

The executive, except in cases of emergency, may exercise its legislative powers only after the opinion of the colonial council (in Brussels) has been obtained, and if this opinion is not followed, it is necessary for the colonial minister to publish the reasons for which it was disregarded. The colonial council consists of eight men appointed by the King, and six elected, three by (but not from) each house of the Belgian legislature. 61

The colonial charter gave large powers to the governor general of the Congo. He had general supervision over the administration, and might enact legislative measures in cases of urgent need, but these lapsed if not confirmed within six months. He was assisted by a secretary general, State inspectors, seven directors of departments, and by vice governors general. By a policy of devolution or decentralization begun by a decree of March 22, 1910, and continued to and in that of July 28, 1914, these vice governors general acquired a large part of the powers of the governor general within their respective provinces. The various decrees which developed this policy during the years 1910–1912 applied only to the Katanga, but on November 3, 1913, an Eastern province was created, and on July 28, 1914, the whole Congo was divided into four provinces—Katanga, 62 Eastern, Congo-Kasai, and Equator, each under a vice governor general. These provinces have separate budgets and are in many re-

58 Arts. 7 and 9 of the charter, Halot-Gevaert, Alexandre: La Charte Coloniale Belge, 1910. This gives the text in the appendix, and comment on these articles on pp. 52–69, 73–79. See also Halewyck, M.: La Charte Coloniale, 1910, pp. 216–218.
60 Art. 27 of the colonial charter; Halot-Gevaert, op. cit., pp. 211–213.
62 Katanga had included since Mar. 29, 1912, the districts of Lomami, Tanganyika-Moero the Upper Luapula, and the Libba.
pects independent of the governor general, but the customs, the post office, and the administration of justice continue in the hands of the governor general, and the Congo remains one rather than four separate colonies. The four provinces are divided into 22 districts, each in charge of a commissioner, and the districts are subdivided into territories. The commissioners, with the aid of the territorial administrators and agents, keep in touch with the 6,000 and more native chiefs whose authority has been recognized. The authority exercised by a chief is that established by the local native law or custom, but the chiefs are in the pay of the State, and may be controlled or even removed by its agents.  

III. Tariff Policy and System.

Continuity of Treaty Obligations.

Belgium took over the Congo Free State subject to all the treaty obligations of that territory. These obligations, particularly the general act of the conference of Berlin, rather narrowly limit the possible tariff policies which the government of the colony may pursue. No differential duties or differential charges of any kind may be imposed on commerce or navigation; no transit duties may be levied, nor any import duties exceeding 10 per cent except upon alcohol, arms, and ammunition.

Tariff Policy.

The policy pursued in the Belgian Congo has been to levy upon both imports and exports revenue duties without differentials. The rates of these duties are low, since 10 per cent is the general maximum on imports, and most of the export duties have been and are at lower rates. Plantation produce was exempt from export duty until 1917, and in 1913, when the price of rubber fell, wild rubber was also exempted through the operation of a decree which fixed the export duty on a sliding scale according to current prices. As considerable deficits have been regular features of the budgets for the Belgian Congo, the need has been felt for raising as much revenue from customs as is possible in view of the treaty restrictions on import duties and the natural restrictions on the levying of export duties. The free list is short compared with the lists found in many other African colonies.

The Belgian Congo inherited from the Free State certain treaty limitations on trade in alcoholic beverages and arms, together with more severe restrictions, such as the total prohibition of the sale of absinthe and the prohibition of the sale of distilled liquors to the

64 The establishment of the maximum rate at 10 per cent and the exception in regard to alcohol dates from the Brussels conference of 1890; the exception in regard to arms and ammunition from the agreement of June 15, 1910, which came into force 30 days after Dec. 31, 1911. (Gt. Brit., Parl. Papers, Treaty Series, 1912, No. 5.) This was a general agreement of the powers which were parties to the treaties of Berlin, 1885, and Brussels, 1889, to permit a second exception to the 10 per cent limit on import duties in order to permit the same efforts to restrict the trade in arms by imposition of high duties as had previously been permitted in the case of the liquor trade.
65 The deficit had been usually from two to four million dollars, or 10 to 20 per cent of the total expenditure, but in the budget for 1919 no deficit was anticipated. The budget for 1920 anticipates a total deficit in ordinary and extraordinary expenditure of 21,100,000 francs, or nearly one-fourth of the total expenditure. Customs duties are expected to produce a revenue of 13,000,000 francs. (L'Afrique Francaise, Mar., 1920, p. 147.)
natives east of the Pozo River.86 During the four-year period following February 15, 1909, a special agreement subscribed to by Great Britain, France, Germany, Spain, Portugal, and Belgium prohibited the importation (except for transit) and the sale to natives of all arms within a territory small compared to that subject to the provisions of 1890, but large enough to include all of Kamerun and considerable parts of French Equatorial Africa and the Congo.87

REVISION OF TREATY OBLIGATIONS.

As was noted above,88 the general act of the conference of Berlin contained no provision for the termination of the obligations thereby assumed. Any treaty is, however, terminable by the unanimous action of the parties to it and it is not improbable that the general act of 1885 will be replaced by the convention signed at Saint-Germain-en-Laye on September 10, 1919. This convention was signed by representatives of the United States, the British Empire, France, Belgium, Italy, Japan, and Portugal, but up to September, 1921, France alone has ratified it. And before it can become valid, except as between the parties which ratify it and before it can terminate or supersede the obligations under the previous treaty, it must have the adherence of Spain, Holland, Russia, Denmark, Sweden, and Norway, which countries were parties to the previous act. Germany and Austria-Hungary, also parties to the previous act, have agreed in the treaties of peace to accept such revision of this and other acts as the allied powers or some of them may have made.89

The new treaty draft differs in several important particulars from the general act of 1885.90 Instead of reading "the trade of all

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86 See pp. 86, 87. The Pozo (or Mpzo) joins the Congo only a mile or two above Matadi. For the prohibition on the sale of distilled liquors to the natives, between the coast and the Pozo River in 1912-13, see Keith, op. cit., p. 216.
88 See pp. 87, 88.
89 Peace treaty with Germany, art. 126; peace treaty with Austria, art. 373. The treaty with Turkey makes the same requirement. The Times (London), May 12, 1920.
90 The text of the official British translation is as follows:

CONVENTION REVISIONING THE GENERAL ACT OF BERLIN, FEBRUARY 26, 1885, AND THE GENERAL ACT AND DECLARATION OF BRUSSELS, JULY 2, 1880.


The United States of America, Belgium, and the British Empire, France, Italy, Japan and Portugal: Whereas the general act of the African conference, signed at Berlin on February 26, 1885, was primarily intended to demonstrate the agreement of the powers with regard to the general principles which should guide their commercial and civilising action in the little known or inadequately organised regions of a continent where slavery and the slave trade still flourished; and

Whereas by the Brussels declaration of July 2, 1880, it was found necessary to modify for a provisional period of fifteen years the system of free imports established for twenty years by article 4 of the said act, and since that date no agreement has been entered into, notwithstanding the provisions of the said act and declaration; and

Whereas the territories in question are now under the control of recognised authorities, are provided with administrative institutions suitable to the local conditions, and the evolution of the native populations continues to make progress;

Wishing to ensure by arrangements suitable to modern requirements the application of the general principles of civilization established by the acts of Berlin and Brussels,

Have appointed as their plenipotentiaries:

(Names omitted.)

Who, after having communicated their full powers recognised in good and due form,

Have agreed as follows:

ART. 1. The signatory powers undertake to maintain between their respective nationals and those of States, members of the League of Nations, which may adhere to the present convention a complete commercial equality in the territories under their authority within the area defined by article 1 of the general act of Berlin of February 26, 1885, set out in the annex hereto, but subject to the reservation specified in the final paragraph of that article.

(Annex. Article 1 of the general act of Berlin of February 26, 1885. See p. 83.)

ART. 2. Merchandise belonging to the nationals of the signatory powers, and to those of States, members of the League of Nations, which may adhere to the present convention, shall have free access to the interior of the regions specified in article 1. No differential treatment shall be imposed upon the said merchandise.
nations," "all flags without distinction of nationality," "wares of whatever origin," "foreigners without distinction," the new draft confines its guarantees to nationals and to the merchandise and ships of nationals of "the signatory powers and of States, members of the League of Nations, which may adhere to the present convention." Even freedom of conscience is guaranteed only to the nationals of these powers. The new draft removes the limitation on the rate of

on importation or exportation, the transit remaining free from all duties, taxes or dues, other than those on maritime or river toll, based on the mere fact of navigation, shall be levied on vessels, nor shall any transit duty be levied on goods on board. Only such taxes or duties shall be collected as may be an equivalent for services rendered to navigation itself. The tariff of these taxes or duties shall not admit of any differential treatment.

Vessels flying the flag of any of the said powers shall also have access to all the coast and to all maritime ports in the territories specified in article 1: they shall be subject to no differential treatment. Sales of the customs and navigation regulations and tariffs to be applied in their territories.

in the territories specified in article 1 and placed under the authority of one of the signatory powers, the nationals of those powers, or of States, members of the League of Nations, which may adhere to the present convention, may enjoy without distinction the same treatment and the same rights as the nationals of the power exercising authority in the territory, with regard to the protection of their persons and effects, necessary, freedom of trade and of transit.

It shall not be exposed to any obligation in regard to landing, station, or depot, or for breaking bulk or for compulsory entry into port. No maritime or river toll, based on the mere fact of navigation, shall be levied on vessels, nor shall any transit duty be levied on goods on board. Only such taxes or duties shall be collected as may be an equivalent for services rendered to navigation itself. The tariff of these taxes or duties shall not admit of any differential treatment.

The affluents of the rivers and lakes specified in article 5 shall in all respects be subject to the same rules as the rivers or lakes of which they are tributaries.

The roads, railways or lateral canals which may be constructed with the special object of obviating the immensity or correcting the deficiencies of the water routes in certain sections of the rivers and lakes specified in article 5, their affluents, branches and outlets, shall be considered, in their quality of means of communication, as dependences of these rivers and lakes, and shall be equally open to the traffic of the nationals of the signatory powers and of States, members of the League of Nations, which may adhere to the present convention.

On these roads, railways and canals only such tolls shall be collected as are calculated on the cost of construction of the roads and canals and made necessary for the undertaking. As regards the tariff of these tolls, the nationals of the signatory powers and of States, members of the League of Nations, which may adhere to the present convention, shall be treated on a footing of perfect equality.

Each of the signatory powers shall remain free to establish the rules which it may consider expedient for the organisation of controlling the exercise of the powers and duties mentioned in article 1, as well as the rates of transit, of navigation, on the understanding that these rules shall facilitate, as far as possible, the circulation of merchant vessels.

In such sections of the rivers and of their affluents, as well as on such lakes, as are not necessarily utilised for water traffic for the navigation of the rivers or lakes within the territories specified in article 5, certain sections of these systems may be required for the maintenance of public safety and order, and for other necessary purposes for the work of civilisation and colonisation; but the regulations shall not admit of any differential treatment between vessels or between nationals of the signatory powers and of States, members of the League of Nations, which may adhere to the present convention.

The signatory powers recognise the obligation to maintain in the regions subject to their jurisdiction an authority and police forces sufficient to ensure protection of persons and of property and, if necessary, freedom of trade and of transit.

The signatory powers exercising sovereign rights or authority in African territories will continue to watch over the preservation of the native populations and to supervise the improvement of the conditions of their life and material welfare; and they will, in particular, endeavor to secure the complete suppression of slavery in all its forms and of the slave trade by land and sea. They will protect and favor, without distinction of nationality or of religion, the religious, scientific or charitable institutions and undertakings created and organised by the nationals of the other signatory powers and of States, members of the League of Nations, which may adhere to the present convention, which aim at leading the natives in the path of progress and civilisation. Scientific missions, their property and their collections, shall likewise be the objects of special solicitude.

The application of the provisions of the two preceding paragraphs shall be subject only to such restrictions as may be necessary for the maintenance of public security and order, or as may result from the enforcement of the constitutional law of any of the signatory powers exercising authority in African territories.

The signatory powers agree that if any dispute whatever should arise between them relating to the application of the present convention which cannot be settled by negotiation, this dispute shall be submitted to an arbitral tribunal in conformity with the provisions of the covenant of the League of Nations.
import duty, and leaves the powers which possess territory in the
Conventional Basin of the Congo free to levy import duties at their
pleasure, prohibiting only the subjection to differential duties of
merchandise belonging to nationals of the signatory and adhering
powers. The new draft omits the prohibition on any "exclusive
privilege of navigation" and it specifically recognizes the right of
each State to "dispose freely of its property and to grant concessions
for the development of the national resources of the territory" — i.e.,
the right to pursue a policy which, formerly practiced, was largely
responsible for the failure of the general act to maintain in practice
the open door in the Congo Free State. With these exceptions and
other changes in detail, the treaty signed on September 10, 1919,
preserves the provisions of the treaty of 1885 for the free entry of
merchandise, the exemption from transit and certain other dues, the
freedom of navigation on the Congo and the Niger Rivers, and the
prohibition of differential treatment in matters of trade, property,
and professions.

A new convention relating to the liquor traffic in Africa was also
signed on September 10, 1919, by the same powers which signed
the convention revising the act of Berlin. This convention is
designed to take the place of the last of the Brussels treaties. The
convention applies to Africa with the exception of the Union of South
Africa and the northern tier of territories from Morocco to Egypt,
inclusive. The convention increases the minimum import duty
leviable on distilled liquors from 200 to 800 francs per hecatoliter of
pure alcohol (from $1.461 to $5.844 per gallon) except that a rate of
not less than 600 francs is permitted in the Italian colonies. Further,
the importation, distribution, sale, and possession of "trade spirits
of every kind" and of absinthe and some other liquors is prohibited.
The manufacture of distilled beverages of every kind and the
importation of stills are prohibited except in the Italian colonies in
which an excise duty is to be imposed at the same rate as that of

Art. 13. Except in so far as the stipulations contained in article 1 of the present convention are concerned,
the general act of Berlin of 26th February, 1885, and the general act of Brussels of 2nd July, 1900, with the
accompanying declaration of equal date, shall be considered as abrogated, in so far as they are binding
between the powers which are parties to the present convention.

States exercising authority over African territories, and other States, members of the League of
Nations, which were parties either to the act of Berlin or to the act of Brussels or the declaration annexed
thereto, may adhere to the present convention. The signatory powers will use their best endeavours to
obtain the adhesion of these States. This adhesion shall be notified through the diplomatic channel to the Government of the French Republic, and by it to all the signatory or adhering States. The adhesion will come into force from the date of its
notification to the French Government.

Art. 15. The signatory powers will reassemble at the expiration of ten years from the coming into force of
the present convention, in order to introduce into it such modifications as experience may have shown
to be necessary. The present convention shall be ratified as soon as possible. Each power will address its ratification to the French Government, which will inform all the other
signatory powers. The ratifications will remain deposited in the archives of the French Government.

The present convention will come into force for each signatory power from the date of the deposit of its
ratification, and from that moment that power will be bound in respect of other powers which have already
deposited their ratifications.

On the coming into force of the present convention, the French Government will transmit a certified
copy to the powers which, under the treaties of peace, have undertaken to accept and observe it. The
names of these powers will be notified to the States which adhere. (Gt. Brit., Parl. Papers, C.d. 477,
Treaty Series 1919, No. 15.)

9 A maximum of 10 per cent ad valorem, with certain exceptions.
11 The treaty of 1805. To September, 1921, France alone had ratified this treaty.
12 The limits to which the treaties of Brussels applied were 20° N. and 22° S. The change made in the
new convention extends the area of application to the southern parts of Southwest Africa and of Portugese
East Africa, and to the northern parts of French West Africa and of the Sudan, and, if Spain becomes
a party, to the Rio de Oro.
13 Trade spirits are those not usually consumed by Europeans. The convention leaves the exact definition
of the term to the various powers for application in their own territory. See p. 318
the import duty. It will be observed that everything which is introduced in this convention is in the direction of the further limitation of the liquor traffic in tropical Africa.

A new convention for the regulation of the arms traffic was also signed on September 10, 1919. In addition to the powers which signed the above-mentioned conventions of the same date, this treaty draft was signed by representatives of China, Siam, Hedjaz, and by five States of eastern or southeastern Europe and eight States of Latin America.\(^5\) This convention greatly increases the scope of the restrictions established in 1890. In regard to war arms—artillery, grenades, flame throwers, machine guns, etc.—and ammunition for them, the signatory powers agree to prohibit their exportation altogether except for the governmental needs of themselves or of other signatories. In regard to firearms and munitions other than war arms (e.g. trade guns) the powers agree to prohibit their exportation except to destinations and for uses not inconsistent with this convention. The importation of all arms and munitions except under surveillance as later defined is prohibited in the territories belonging to or under the guardianship of signatory powers not only in the whole of Africa (except Algeria, Libia, and the Union of South Africa) and in Sao Thomé, Princípe, Annobon, Sokotra, and the islands within 100 nautical miles of the coast of Africa, but also in western Asia—Transcaucasia, Persia, Arabia, and what was Asiatic Turkey—and in a maritime zone which includes the Red Sea, the Persian Gulf, the Gulf of Aden, and the waters west and north of a line drawn from Cape Guardafui eastward around Sokotra and northward to the eastern boundary of Persia. Transportation of arms within the maritime zone is forbidden and special authority to enforce this provision is given to the warships of the signatory powers. The importation and sale of arms is restricted by requirements for entry at certain ports, for storing in public warehouses and for removal therefrom only for transference to other warehouses or for the use by licensed individuals of marked and registered weapons, or "to be destined for places designated by the supreme authorities as places where the inhabitants may hold arms under the supervision and on the responsibility of the local authorities for the purposes of defense against plunderers or rebels." In the territories in which the importation of arms is prohibited no arms are to be manufactured except in public arsenals and none are to be repaired except in arsenals or licensed establishments. It will be seen that the purpose of this convention is much wider than that of the act of 1890, that it applies to a much larger territory and that its provisions are much more stringent.

### IV. Tariff Rates.

When Belgium annexed the Congo, the tariff rates in force were those of the treaty of 1892 with France and Portugal.\(^6\) This treaty was denounced by France with effect from July 2, 1911. In the Belgian Congo this denunciation caused no immediate change in rates of import duty and but little change has been made since. From January 1, 1914, the duties on coal and mineral oils were

\(^5\) This treaty has been ratified by China, Siam, Greece, Brazil, Chile, Peru, Venezuela, Guatemala, and Haiti.

\(^6\) See p. 89.

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reduced and were made specific. On March 2, 1914, a long list of specific rates, on the basis of the ad valorem rate of 10 per cent, was proclaimed to go into force the following October, but after the outbreak of the war the operation of this schedule was indefinitely suspended. On May 10, 1919, the rate on distilled liquors was raised to 500 francs per hecatoliter of alcohol at 50° centesimal, and by ordinance of August 9, 1920, this rate was doubled. Fermented beverages of more than 15° of alcoholic strength pay at the same rate in proportion to their alcoholic content; those of 15° or less pay the usual 10 per cent ad valorem.

The export duties in force in the Belgian Congo at the time of the denunciation of the treaty with France and Portugal have undergone considerable changes. The price of Congo rubber which for many years had been 6 to 10 francs per kilogram fell in the latter part of 1912 to 2.70 francs; in April, 1913, it was just half of that figure; and it continued to fall until it reached 68 to 77 centimes per kilogram. The Congo product could then be sold only at a loss, and a serious crisis was the result. The Congo railroads and the navigation lines to Belgium reduced their rates, and the Government reduced and then remitted the export duty. This remission took the form of establishing a new export duty on a sliding scale by which the ordinary tree or vine rubber should pay no duty until the price should rise beyond 5 francs per kilogram. In 1914, in pursuance of a policy of encouraging the development of the Congo, the export duties on palm oil, palm kernels, groundnuts, coffee, and sesame were abolished. The rates of duty on ivory remained unchanged, but the regulations for the registration of ivory for export were much simplified. Copal alone was untouched by the changes in 1913–14.

The present policy of the Belgian Congo in respect to export duties was established by a decree of December 17, 1917, and went into operation March 1, 1918. This decree made no change in the rates on ivory, but all other previous export duties were repealed and in their place a uniform rate of 3 per cent ad valorem—reduced to 2 per cent in 1920—was imposed on all exports except reexports. This introduced for the first time an export duty on mineral products. The governor general is authorized to fix valuations.

The war caused a postponement of the change in the basis of reckoning the import duties, but otherwise had no effect upon either import or export duties. Certain features of the trade were subject to special provisions more effective than tariff regulations. Thus, in February, 1915, the exportation of rubber to destinations other than Great Britain and France was prohibited; but this was shortly modified to permit exportation to the account of the Belgian consul in New York City.

18 Decree of Aug. 17, 1914, reported by the American consul. The list included 69 items of which nearly one-half were classifications of cotton goods.
19 Ordinance of Oct. 11, 1918, to go into operation from the day of its publication in the official bulletin. This publication did not take place until May 10, 1919. The rate prescribed is 10 centimes per liter and per centesimal degree of alcoholic strength, but the equivalent per hectoliter is given above to facilitate comparison.
20 The rubber imported into the United States is of the best grades, and the figure given on p. 25 is not inconsistent with this.
21 Decree of June 3, 1914; in force 60 days after its appearance in the official bulletin on June 21.
23 On those articles for which no valuation has been assigned the duty is levied on the "value in the market of realization less cost of transport and insurance from the place of export in the territory to the place of destination and less a fixed rate of 5 per cent of the estimated price of sale in respect of the expenses of realization."
Miscellaneous regulations are not numerous in the Congo. The importation of saccharin, glycerin, and other sweetening substances other than sugar and glucose is prohibited. The importation of absinthe is prohibited and, as mentioned elsewhere, through most of the territory the importation of all distilled liquors is prohibited. The importation and sale of arms is subject to special regulations in accordance with the treaty of Brussels. In 1913 the exportation of cows from Katanga was prohibited. In the same year a statistical duty of 15 centimes on each barrel, sack, or other package was levied both on imports and exports, with a few exceptions.

The present tariff system of the Belgian Congo may be summarized in a few sentences. With three exceptions imports pay a uniform rate of 10 per cent ad valorem. The value is the c.i.f. value at the place of importation, on the invoice value plus 20 per cent. The three exceptions to the uniform rate of 10 per cent are a higher specific rate on distilled and on the stronger fermented liquors, a short list on which the duty is 3 per cent ad valorem, and a short free list. These exceptions are enumerated in the table below. On exports, with the exception of ivory, a uniform duty of 2 per cent is levied. On ivory the specific rate, which originally represented a duty of 10 per cent ad valorem, has remained unchanged since 1892, except for the doubling of the rate for some months in 1920–21.

**Tariff of the Belgian Congo.**

### IMPORT DUTIES.

<table>
<thead>
<tr>
<th>Article</th>
<th>Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles not enumerated</td>
<td>Ad valorem</td>
</tr>
<tr>
<td>Coal</td>
<td></td>
</tr>
<tr>
<td>Coal and briquettes</td>
<td>100 kilograms</td>
</tr>
<tr>
<td>Coal for metallurgical use</td>
<td>200 kilograms</td>
</tr>
<tr>
<td>Coke</td>
<td>500 kilograms</td>
</tr>
<tr>
<td>Mineral oils:</td>
<td></td>
</tr>
<tr>
<td>Petroleum, asphalt, and other crude oils b</td>
<td>Do</td>
</tr>
<tr>
<td>Motor-car spirit (light oils)</td>
<td>Do</td>
</tr>
<tr>
<td>Lamp oils (refined petroleum)</td>
<td>Do</td>
</tr>
<tr>
<td>Distilled liquors per liter and per degree alcohol strength</td>
<td>Do</td>
</tr>
<tr>
<td>Fermented liquors above 15°</td>
<td>Do</td>
</tr>
<tr>
<td>Ships and boats</td>
<td>Ad valorem</td>
</tr>
<tr>
<td>Steam engines and similar machinery</td>
<td>Ad valorem</td>
</tr>
<tr>
<td>Tools for industry and agriculture</td>
<td>Ad valorem</td>
</tr>
<tr>
<td>Scientific instruments</td>
<td>Free</td>
</tr>
<tr>
<td>Railway equipment and materials, during the construction of the line.</td>
<td>Free</td>
</tr>
<tr>
<td>Articles for public worship</td>
<td>Free</td>
</tr>
<tr>
<td>Personal baggage of travelers and colonists</td>
<td>Free</td>
</tr>
<tr>
<td>Live animals</td>
<td>Free</td>
</tr>
<tr>
<td>Seeds for agricultural purposes</td>
<td>Free</td>
</tr>
<tr>
<td>Organic and chemical fertilizers</td>
<td>Free</td>
</tr>
</tbody>
</table>

### EXPORT DUTIES.

<table>
<thead>
<tr>
<th>Article</th>
<th>Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ivory:</td>
<td></td>
</tr>
<tr>
<td>Pieces (&quot;pilons&quot;), etc.</td>
<td>100 kg</td>
</tr>
<tr>
<td>Tusks weighing less than 6 kilograms</td>
<td>150 kg</td>
</tr>
<tr>
<td>Tusks weighing more than 6 kilograms</td>
<td>210 kg</td>
</tr>
<tr>
<td>All other products</td>
<td>Ad valorem</td>
</tr>
</tbody>
</table>

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a All oils which can not be used for lighting purposes without being previously refined, so as to render them fit for use in ordinary lamps, are regarded as crude oils.

b Including, particularly, benzine, gasoline, motocarine, and other essences of the same kind.

c For quantities inferior to 100 kilograms the duties shall be collected in proportion to the above rates.

d The exportation, trade, or detention of elephants' tusks weighing less than 2 kilograms is prohibited.

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Ordinance of Sept. 15, 1911.
TREATMENT OF PRODUCTS OF THE CONGO IN BELGIUM.

Belgium pursues a low-tariff policy, and all raw materials are admitted free. No preference, therefore, could be granted to imports from the Belgian Congo without a reversal of policy and the imposition of duties on raw materials from other sources. The trade is in the hands of the Belgians to such an extent that it is difficult for foreigners to purchase these raw materials in the Congo, and no legal restrictions have been necessary in order to send the trade to Belgium. The only instance of special control over the products of the Congo in time of peace is the reservation, beginning early in 1920, of a supply of gold for Belgian goldsmiths. Since, however, this gold comes from mines which are the property of the State, this reservation is not one which affects general trade. One other special arrangement for trade between Belgium and the Congo may be mentioned. By a law of October 8, 1919, exports from Antwerp to the Belgian Congo may receive their customs examination before departure instead of on their arrival in the mouth of the Congo.

V. Restoration of the Open Door.

After Belgium took over the administration of the Congo from King Leopold thorough reforms were undertaken. The State monopoly of the vegetable products of the domain was abolished for different parts of the territory in 1910, 1911, and 1912. The Government reserved only its plantations and five forest areas of 600,000 hectares each. The area under the control of the Abir and the Anversoise companies was reduced from 15,000,000 to 110,000 hectares. The Government withdrew its interests from these companies and others, and the commercial companies were deprived of all governmental powers. They are now required to pay for all services in currency. The salaries of officials have been increased and put on a basis such that their remuneration is in nowise dependent upon their success in promoting the fiscal interests of the State. Land may now be acquired easily by missionaries, traders, or natives. The tax system has been radically revised. Taxes are levied in cash only and the State no longer makes payment for services in goods. A new system for the taxation of ivory was introduced, though it was estimated that this would reduce the revenue from this source by one-half. Foodstuffs are no longer commandeered, though the natives remain liable for the upkeep of roads, bridges, and rest houses. The term of the Corvée for civil work was reduced to three years in 1910 and the institution had been abolished before the war necessitated its revival.

The passing of the Leopoldian régime and the restoration of the open door under the Belgian administration had no striking and immediate effects upon the proportion of the trade of the Congo which was enjoyed respectively by Belgium and foreign countries. Such an immediate effect could not be expected for several reasons.

86 Commerce Reports, Jan. 19, 1920.
87 The Colonial Minister, M. Franck, has stated that the gold mines and other State activities would be transformed into commercial enterprises, the State retaining some interest and control. (B. T. J., Mar. 17, 1921.)
88 A total of nearly 12,000 square miles. For the areas to be opened in each of the three years and for the reserved areas, see the map in the Statesman's Year-Book, 1910, facing p. CLIV.
The reforms were introduced only gradually and for the most part in 1910–1912. Up to the beginning of the war, therefore, there had been little time for results to develop. Belgian trade was firmly entrenched and it might naturally be expected that—aside from such cataclysms as those caused by the war—the growth of trade with foreign countries would be dependent rather upon the development of new trade than upon the replacement of Belgian by foreign goods. Another reason for the continued predominance of Belgian trade is discoverable in the attitude of the officials of the Congo administration toward the "open door." This attitude is described in the following quotations. The first is from a letter from a British vice consul to the vice governor general of Katanga:

Were the laws administered generously and impartially as they should be in a new country, if prosperity is the aim, I think that traders of all nationalities would conform thereto, but they resent being regarded as outcasts because they are foreigners, and that this is the case I have been told over and over again both here and in the interior. It was a Belgian trader who informed me that a favorite theme of the officials in the interior was "Katanga for the Belgians, and let the English and Germans go to their own colonies," while a German whose agents have traveled widely in the district remarked, in complaining of the feeling of insecurity which he and his employees shared, that "the Katanga is full of young and inexperienced officials, who have no idea of free trade for all nationalities alike, and who consider it to be their duty to assist their compatriots to the detriment of foreigners."

A missionary of long experience and much travel in Africa has said that theoretically the Belgians are anxious to persuade foreign capital to enter the Congo, but "in practice the presence of any commercial agents, particularly those of any other nationality, is gall and wormwood to the local Belgians. Nothing, for instance, irritates them so much as to be reminded that by the Berlin act they are bound to keep the country open to the free commerce of the world." The British Government ultimately came to the conclusion that the administration had made and was making a determined and successful effort to carry out the reforms which had been recommended by the United States and Great Britain in 1908, and on June 27, 1913, it formally recognized the annexation of the Congo by Belgium. The Congo Reform Association had dissolved a few days earlier.

War swept away Belgian commerce, and it remains to be seen to what extent the trade of Belgium will resume its old channels and recover its old predominance in the Congo. Even before the war, certain factors in the development of the Congo—whose presence must be attributed to the reforms introduced by the Belgian Government—were tending to divert trade from Belgium. One of these factors was that the gigantic English firm of Lever Bros had established numerous factories in the Congo, where their activities furnished employment to thousands of natives. A considerable increase in the exports of palm kernels and palm oil to Great Britain has been the result. Another factor is the development of the Katanga. Because South Africans have played so active a part in this development and because the imports and exports of the region must use

---

90 Harris, J. H.: Dawn in Darkest Africa, p. 92. Since 1913 there has been a large increase in the number of foreign retailers in the Congo. L'Afrique Francaise, May, 1921, p. 163.
92 Soap manufacturers, recently capitalized at £100,000,000.
93 Until the railway to Lobito Bay in Portuguese Angola is completed. This railway will shorten the route by upward of a thousand miles. Imports may also reach the Katanga by way of the Congo River, but the numerous transshipments required in this route prevent competition with the South African railway system.
the South African railway system, South Africa had obtained even before the war a growing share in the trade of the Congo.

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[See also page 835.]


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**Texts of treaties.**

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Chapter III.
COLONIAL TARIFF POLICY OF FRANCE.

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France holds to-day a position among colonial powers second only to that of Great Britain. She is the one modern power that has gained and lost and gained anew a vast overseas empire. The French did not seriously enter the colonial field until toward the end of the sixteenth century. In 1504 Breton ships fished off the coasts of Newfoundland, 20 years later Verazzano mapped the coast of North America and sailed on the Indian Ocean, and in 1534 Cartier took possession of the region adjacent to the St. Lawrence River and Ribaut explored the coast of Florida. But France was busy with wars at home. Ultimately, however, the purposeful efforts of the French explorers, missionaries, and trading companies outdid, in the acquisition of valuable and extensive colonial connections, the more brilliant pioneering of the Portuguese and the Spanish, and the French successfully rivaled the Dutch and the British as colonial empire builders. The Marquis de la Rouche was given in 1598 a commission to conquer Canada. Champlain founded Quebec and French missionaries and traders penetrated to the Great Lakes and down the Mississippi. Frenchmen settled in Louisiana in 1699 and founded New Orleans in 1715. Villegaignon established a French colony at Rio de Janeiro. The French company of the Moluccas competed successfully in the trade of the East Indies and its ships touched at Madagascar and the Comoro Islands. French companies were organized for trade with the Orient, with Senegal, with Cape Verde, and with the islands of America, and for colonizing St. Christopher’s Island and other islands in the West Indies. Settlements were
established on Martinique, Antigua, St. Martins, St. Bartholomew, and the Bahama Islands, and in Guiana. During the seventeenth century Colbert’s French East India Co. established the colony of Pondicherry on the Coromandel coast (India) and sent an expedition to Ceylon. French expeditions made settlements in Bourbon Island (Reunion) and in Mauritius (Isle of France). Senegal and Goree, in Africa, were made French possessions, their chief attraction being the slave trade. Later Louis XIV sponsored an adventure directed toward monopolizing the trade of Siam.

These activities brought France into collision with Holland, Spain, and England. The Dutch almost exterminated the French colonies in the Far East. After the restoration of Pondicherry, in 1693, the French fortified that point and made it the political and commercial capital of an empire in the East. Their expansion in India, together with that of North America, made them the most formidable rivals of the British. The test of strength between the two powers came in the Seven Years War (1756–1763), which was fought in the colonies as well as in Europe and which settled the fate of both India¹ and Canada. From the beginning to the end of the eighteenth century France lost colony after colony. The Napoleonic Wars completed the destruction. ¹ The Congress of Vienna left to France only St. Pierre and Miquelon, Guadeloupe, Martinique, and a part of the Guiana coast in America; Reunion Island off the coast of Africa; and small enclaves in India.² Upon the restoration of Louis XVIII the colonies which had been in French possession just before the revolution were returned, with the exception of Tobago, St. Lucia, and Mauritius.

Just before the “July revolution” of 1830, Charles X sent a punitive expedition to Algeria and occupied part of the coast. The new king, Louis Philippe, did not withdraw this army, but it was not until 1857 that the conquest of what is now northern Algeria was completed.³ Between 1841 and 1843 certain other regions in Africa were occupied. In 1860, Moorish tribes in Senegal were pacified, and thereafter French interests in that region expanded. Napoleon III had visions of possible colonization in the Western Hemisphere, but without successful achievement.

Much the greater part of the second French colonial empire has been acquired under the Third Republic within the past 40 years. In Africa, France has accumulated an unbroken territorial block embracing three and one-half million square miles. Most of this domain has been brought under French rule since 1880. In Asia, since 1880, France has acquired most of the 310,000 square miles of the governor-generalship of Indo-China.

In 1881 the French entered Tunis and placed that country under French protection. As time passed their influence in Tunis was strengthened, while their control in Algeria was being perfected. Meanwhile—though not closely connected with events in the Mediterranean⁴—the partition of tropical Africa had been proceeding. The European occupation of central Africa really dates from Stanley’s

¹ Pondicherry was restored to the French in 1763; it has since been taken three times by the British and three times restored, and it remains to-day the chief French community in India.
² Gibbons: The New Map of Asia, p. 95.
³ Leroy-Beaulieu, Paul: De la Colonisation chez les Peuples Modernes, vol. 1, p. 371. The author mentions the chief advances in the occupation of Algeria, the events named falling into 13 different years.
descent of the Congo and his return to Europe in the following year (1878). In 1880 de Brazza, who had earlier been engaged in explorations in those regions, undertook to establish a French protectorate over a large area on the north bank of the Congo. By 1884 the French were penetrating into the interior of all West Africa from the Senegal to the Congo and were establishing their position by means of treaties with native chiefs.

By agreement with Great Britain in 1890 and with Germany in 1894, the French obtained a free hand in the Central Sudan, and thus established a continuous sphere of influence between their possessions in North and West Africa and those in the Congo region. Boundaries in Africa had been for the most part agreed upon by 1900, and the French had established themselves in the remoter hinterland behind the States of Morocco and Liberia and behind all the West African colonies of Great Britain, Germany, Portugal, and Spain from the Congo to Algeria and Tunis. The final adjustment of the last part of the undefined boundary of the French Sudan was made in an agreement with Great Britain in the autumn of 1919. In a post-war settlement of colonial boundaries in accord with the treaty of London (1915), France has ceded to Italy certain Saharan territory to round out the boundaries of Libya.

The French position in Algeria led to boundary conflicts with Morocco and these conflicts led to disputes with other European powers. Through agreements with Great Britain, Germany, and Spain, these disputes were compounded and in 1912 France was recognized as the paramount power over most of Morocco. German recognition of the new French position in Morocco was obtained in return for the cession of 107,000 square miles of Equatorial Africa, a cession which broke the continuity of the French possessions. This territory was regained in the late war.5

As early as 1862 France had acquired by treaty Obok, on the Gulf of Aden, but this point was not formally occupied until 1883. Treaties with Somali sultans resulted in the extension of the boundaries of this territory (French Somaliland), and in 1897 the boundary toward Abyssinia was fixed by treaty with King Menelik.

With an interest which began much earlier, the French conquest of Cochin-China dates from 1861. In 1867 Cambodia was made a protectorate, and in 1884 Annam was brought into the same position. The conquest of Tonkin was completed in 1886. The governor-generalship of Indo-China was formed in 1887. Six years later there was added the Laos protectorate, ceded by Siam; and in 1907, Battambang, also ceded by Siam.

**PRESENT EXTENT.**

The French Colonial Empire of to-day has a total area of over 4,000,000 square miles. Of this territory 3,735,000 square miles, an area greater than that of the United States and all its possessions, is in Africa; 310,000 square miles are in Asia; 35,000 square miles are in America; and 8,700 square miles are in Oceania. This empire

---

5 The territory ceded by France was added to German Kamerun under the name of New Kamerun. The territories constituting old Kamerun and Togo are now held under mandate of the League of Nations, the greater part of each being held by France and the smaller part by Great Britain. The division is so made that the territories under mandate are contiguous to colonies of those powers.
includes peoples of the greatest diversity widely distributed over the earth's surface. Algeria in northern Africa is as far from Madagascar in the Indian Ocean as it is from French Guiana in South America or from St. Pierre off the coast of Newfoundland; while Madagascar is as distant from Algeria as it is from Indo-China.

The French possessions and protectorates in Africa include Tunis and Algeria on the Mediterranean, and Morocco bordering on the North Atlantic; Sahara to the south of these; West Africa, including Senegal, Upper Senegal and Niger, Mauritania, French Guinea, the Ivory Coast, and Dahomey on the Atlantic coast in the northern half of the torrid zone; French Equatorial Africa, touching on the Gulf of Guinea and extending a thousand miles inland to the northeast, partly north and partly south of the Equator; Madagascar and certain smaller islands east of Africa in the Indian Ocean; and a fragment of the Somali coast on the Gulf of Aden. In Asia, France has five areas in India, aggregating less than 200 square miles and organized as a single "colony," and a considerable region in Indo-China bordering on the China Sea. In Oceania, the French possess the sizable island of New Caledonia together with a number of other islands of less importance. In America, the French possessions embrace French Guiana, north of Brazil; Guadeloupe and Martinique in the West Indies; and St. Pierre and Miquelon, off the south coast of Newfoundland.

These vast areas are not, it is true, as densely populated as is the motherland with her 189 inhabitants to the square mile, or the United States with its 31 persons to the square mile; but with their average of 13.7 persons to the square mile they have a total population of over 56,000,000, which is more by 41 per cent than the population of France. In Africa, where the greater part of the French colonial population is located, the average is estimated at 10.3 persons to the square mile, while in the French possessions in Asia the density is about 55.5 to the square mile.

### AREA AND POPULATION.

Table 1 gives the area and population of the various French colonies. Approximately 91 per cent of the area and 68 per cent of the population are in Africa.

**Table 1.—Area and population of French possessions and protectorates.**

<table>
<thead>
<tr>
<th>Colony or protectorate</th>
<th>Area.</th>
<th>Population.</th>
<th>Population per square mile.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AFRICA.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Algeria (northern and</td>
<td>222,110</td>
<td>5,561,092</td>
<td>25</td>
</tr>
<tr>
<td>southern territories)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tunis (protectorate)</td>
<td>45,013</td>
<td>1,033,000</td>
<td>22</td>
</tr>
<tr>
<td>Morocco (protectorate)</td>
<td>195,050</td>
<td>5,400,000</td>
<td>28</td>
</tr>
<tr>
<td>Senegal</td>
<td>924,401</td>
<td>800,000</td>
<td></td>
</tr>
<tr>
<td><strong>West Africa:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>73,992</td>
<td>1,247,000</td>
<td>17</td>
</tr>
<tr>
<td>Upper Senegal and Niger</td>
<td>830,477</td>
<td>5,598,000</td>
<td>22</td>
</tr>
<tr>
<td>Mauritania</td>
<td>345,054</td>
<td>800,000</td>
<td>24</td>
</tr>
<tr>
<td>French Guinea</td>
<td>92,733</td>
<td>1,312,000</td>
<td>28</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>125,571</td>
<td>1,417,000</td>
<td>26</td>
</tr>
<tr>
<td>Dahomey</td>
<td>37,537</td>
<td>41,000</td>
<td>11</td>
</tr>
</tbody>
</table>

### Table 1.—Area and population of French possessions and protectorates—Continued.

<table>
<thead>
<tr>
<th>Colony or protectorate</th>
<th>Area</th>
<th>Population</th>
<th>Population per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AFRICA—Continued.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equatorial Africa</td>
<td>361,846</td>
<td>9,000,000</td>
<td>16</td>
</tr>
<tr>
<td>Madagascar and dependencies</td>
<td>226,911</td>
<td>3,010,000</td>
<td>16</td>
</tr>
<tr>
<td>Reunion and Îles du sud (Kerguelen, St. Paul, Amsterdam)</td>
<td>2,254</td>
<td>174,000</td>
<td>76</td>
</tr>
<tr>
<td>Somal coast</td>
<td>46,532</td>
<td>208,000</td>
<td>4</td>
</tr>
<tr>
<td>Total, Africa</td>
<td>3,735,602</td>
<td>38,294,000</td>
<td>10</td>
</tr>
<tr>
<td><strong>ASIA.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Possession in India</td>
<td>198</td>
<td>268,000</td>
<td>1,354</td>
</tr>
<tr>
<td>Indo-China</td>
<td>310,060</td>
<td>16,960,000</td>
<td>55</td>
</tr>
<tr>
<td>Total, Asia</td>
<td>310,258</td>
<td>17,258,000</td>
<td>56</td>
</tr>
<tr>
<td><strong>OCEANIA.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Caledonia, adjacent islands and dependencies</td>
<td>7,202</td>
<td>31,000</td>
<td>7</td>
</tr>
<tr>
<td>French Establishments in Oceania</td>
<td>1,544</td>
<td>31,000</td>
<td>20</td>
</tr>
<tr>
<td>Total, Oceania</td>
<td>8,746</td>
<td>82,000</td>
<td>9</td>
</tr>
<tr>
<td><strong>AMERICA.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. Pierre and Miquelon</td>
<td>93</td>
<td>5,000</td>
<td>54</td>
</tr>
<tr>
<td>Guadeloupe and dependencies</td>
<td>638</td>
<td>212,000</td>
<td>309</td>
</tr>
<tr>
<td>Martinique</td>
<td>381</td>
<td>180,000</td>
<td>507</td>
</tr>
<tr>
<td>Guiana</td>
<td>34,069</td>
<td>49,000</td>
<td>1</td>
</tr>
<tr>
<td>Total America</td>
<td>35,231</td>
<td>459,000</td>
<td>13</td>
</tr>
<tr>
<td>Grand total</td>
<td>4,089,897</td>
<td>56,002,000</td>
<td>14</td>
</tr>
</tbody>
</table>

*4 Prewar area, not including the 167,000 square miles claimed by France under article 123 of the Treaty of Versailles. See p. 260.
6 Apparently an overestimate. It is given as 5,790 square miles in the Statesman's Year-Book, 1920; also in earlier volumes.*

**SITUATION AND COMMERCIAL IMPORTANCE.**

Algeria, lying between Morocco on the west and Tunis on the east, has a Mediterranean coast line of about 650 miles. It reaches inland about 380 miles. Its area, exclusive of the Algerian Sahara, is estimated at 185,000 square miles; including the Algerian Sahara, it amounts to about 222,000 square miles.

The strip of hilly land from 50 to 100 miles in width along the seacoast is on the whole very fertile. To the south lies an arid table-land covered with esparto grass, and beyond this is the Sahara Desert. The fertile area to the north, now owned mainly by Europeans, is cultivated scientifically and produces wheat, oats, barley, corn, potatoes, beans, dura, flax, and tobacco. It also produces silk and a variety of fruits. The yield of wine amounted in 1916 to 193,188,000 gallons. Among the cultivated fruits are olives, oranges, dates, mandarins, citrons, bananas, pomegranates, almonds, and figs. There is a considerable forest area, but it is inaccessible. Much attention is devoted to mining and grazing. The fishing industry is important.

The leading exports are wine, cereals, live stock, fruits, iron ore, phosphates, tobacco, zinc, cork, vegetables, wool, hides, and alfalfa. The chief imports are textiles, clothing, furniture, machinery, coffee, tobacco, timber, and coal. Imports in 1913 amounted to approximately 721,000,000 francs and exports 553,000,000 francs.

Tunis, to the east of Algeria, is bounded on the north and east by the Mediterranean. Its area is about 48,000 square miles. In the
north, agriculture is the main industry, the principal products being cereals and grapes. Farther south, attention is devoted mainly to stock raising and the cultivation of olives and date palms. On the coast, fishing is an important industry. The principal exports are phosphates, cereals, olive oil, live animals, and lead. The chief imports are flour, coal, sugar, cereals, hides, machinery, and hardware. About one-half of the total trade is with France. In 1920, exports were valued at 337,057,000 francs and imports at 635,563,000 francs.

Morocco, on the north coast of Africa west of Algeria, lies opposite Spain, from which it is separated by the narrow Strait of Gibraltar. The area of the French zone in Morocco is approximately 193,000 square miles. Agriculture and stock raising are the principal industries. The chief exports are hides and skins, barley, wheat, eggs, wool, almonds, and cattle. The principal imports are cotton goods, sugar, tea, provisions, and hardware. In 1920, the import trade passing through the ports amounted to 1,000,474,000 francs, while the exports for the same year were valued at 268,875,000 francs.

The Sahara is a name generally applied to all of northern Africa between the Atlas Mountains and the Sudan. Spain has title to a section of the Sahara along the Atlantic coast, while the Saharan portion of Tripolitania belongs to Italy, and the desert farther east lies within Egypt and the Anglo-Egyptian Sudan. The area which the French administer under the name of the Sahara embraces about 925,000 square miles; the desert area included in the various French Provinces of North Africa totals about a million and a half square miles. As a whole the desert is not a level waste of sand; much of its soil lacks only water to make it very productive, and in the valleys where the subterranean waters come to the surface productive oases are formed. With the exception of dates and salt, the commerce originating in the Sahara is unimportant, but there is a considerable caravan transit trade between the Sudan and Morocco and Tripoli.

Senegal, with an area of 74,000 square miles, lies along the west coast of Africa between the Senegal River and Portuguese Guinea. Its coast line is broken by the enclave formed by the British colony of Gambia. The coast is flat and sandy, and along the Senegal River the soil is fertile. Agriculture has experienced a notable development recently. Millet, corn, manioc, and peanuts are grown. Peanuts form the principal export. Gums, rubber, palm kernels, and cattle are also exported. The principal imports are cotton textiles, coal, rice, kola nuts, sugar, wine, edible oils, tobacco, and flour. In 1912 the exports were valued at 56,020,000 francs and the imports at 67,860,000 francs.

Upper Senegal and Niger, as it was known until the end of 1920, is now the Upper Volta and the French Sudan; it comprises an area of approximately 570,000 square miles. Including the military territory of the Niger, the area is about 836,000 square miles. Agriculture and grazing are the principal occupations. The crops include rice, corn, peanuts, millet, manioc, and tobacco. The chief exports are peanuts, rubber, hard gums, cattle, skins, and wool. The principal imports

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6 It is called the Libyan desert.
7 Many varieties, both edible and nonedible, of peanuts are grown in Africa and Asia. They are also commonly known as groundnuts or earthnuts.
are cottons, foodstuffs, and metal work. In 1912 the exports and imports via Senegal were valued at 3,422,410 and 9,503,799 francs, respectively.

Mauritania, on the west African coast between the Senegal River and the Spanish colony of Rio de Oro, has an area estimated at 345,000 square miles. For the most part it is a country of sandy plains, but in the south along the Senegal River there is a fertile strip of land from 6 to 25 miles broad. Grazing and palm tending are the principal occupations. The trade, carried on by caravan, is largely barter.

French Guinea, bordering on the Atlantic Ocean, is situated between Portuguese Guinea and Sierra Leone. To its north, northeast, and east are Senegal and Upper Senegal. The estimated area is somewhat under 100,000 square miles. The alluvial soil along the rivers is fertile. Rubber, palm kernels, and gums are gathered, and millet, rice, sesame, manioc, and other crops are grown. The principal exports are rubber, cattle, peanuts, and palm kernels. In 1912 the exports and imports amounted, respectively, to 20,058,000 and 19,274,000 francs. In 1916 they were valued at 16,240,488 and 9,689,291 francs.

The Ivory Coast, between the British colony of the Gold Coast and Liberia, extends northward to Upper Senegal and contains about 125,000 square miles. The colony is notable for its vast forest. Maize, plantains, bananas, pineapples, and other fruits are cultivated, as well as coffee. The principal exports are palm oil and rubber, palm nuts and mahogany. The principal imports are cotton tissues, tobacco, rice, machinery and iron manufactures, and distilled liquors. In 1912 the exports and imports amounted, respectively, to 17,616,000 and 17,534,000 francs.

Dahomey, between British Nigeria and Togo, with a coast line of about 75 miles on the Gulf of Guinea, extends northward to Upper Senegal. Its area is estimated at somewhat under 40,000 square miles. For 50 miles inland from the coast the country is flat and covered with dense vegetation. Farther inland it is hilly. The principal occupation of the people is agriculture. Corn, manioc, yams, and potatoes are cultivated. The chief exports are palm kernels, palm oil, copra, and dried fish. The principal imports are cottons, machinery, liquors, and tobacco. In 1911 the exports and imports were valued, respectively, at 21,958,301 and 19,524,531 francs.

French Equatorial Africa comprises four divisions, three of which are officially spoken of as "colonies," though that designation is more commonly used for the whole area. These colonies or provinces are Gaboon, the Middle Congo, the Ubangi-Shari, and the Chad territory. The total area, including the territory ceded to Germany and reconquered in the late war, is about 672,000 square miles. The exports are chiefly rubber, ivory, and costly woods. Other exports are coffee, cacao,\(^8\) palm kernels, palm oil, and piassava. In 1912 the exports were valued at 28,035,000 francs and the imports 19,987,000 francs.

The island of Madagascar is situated off the southeastern coast of Africa, 240 miles distant from the mainland. It is 980 miles long and

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8Cocoa in its raw state is more accurately called cacao.
its greatest width is 360 miles. The area is estimated at 226,000 square miles. The island of Nossi Bé and the Comoro Islands to the northwest, and the island of Ste. Marie, to the east, are under the Madagascar administration. The chief vegetable products of these islands are rice, sugar, coffee, manioc, cotton, cacao, vanilla, tobacco, butter beans, cloves, mulberry trees, and rubber. The forests contain many valuable woods. Graphite and rubber are exported in considerable quantities. The principal occupations of the people are cattle breeding and agriculture. The chief exports of Madagascar are hides, gold, rubber, vanilla, raffia, legumes, wax, cattle, and ebony. Among the principal imports are cotton textiles, metal manufactures, metals, wines, and spirits. In 1912, the exports of domestic products were valued at 59,844,294 francs, while the imports for consumption amounted to 50,034,848 francs.

Reunion, which is situated in the Indian Ocean about 420 miles east of Madagascar, has an area of 970 square miles. The chief products are sugar, rum, coffee, tapioca, vanilla, and spices. Sugar and rum are exported in considerable quantities. The chief imports are rice and grain. The exports amounted in 1917 to 26,782,472 francs and the imports to 22,001,829 francs.

French Somaliland borders on the Gulf of Aden between Eritrea and British Somaliland and extends inland to Abyssinia. Its area is about 5,790 square miles. There is a considerable transit trade. The chief exports are coffee, ivory, hides and skins, and salt. The chief imports are cotton goods, butter, sugar, and galvanized iron. The exports in 1917 were valued at 50,324,846 francs, while the imports amounted to 39,416,120 francs.

French India consists of the five dependencies of Pondicherry, Karikal, Chandernagar, Mahé, and Yanaon, with a total area of 198 square miles. Mahé is on the southwest coast of India north of Calicut. Karikal, Pondicherry, and Yanaon are enclaves in Madras on the Gulf of Bengal and Chandernagar is located on the Hugli River north of Calcutta. The principal crops are paddy, groundnuts, and ragi. The exports in 1917 amounted to 20,366,326 francs and the imports to 13,225,207 francs.

French Indo-China, comprising the colony of Chochin-China and the protectorates of Tonkin, Laos, Annam, and Cambodia, and the region of Battambang; is bounded on the east and south by the China Sea, on the west by Siam, and on the north by China. It has an area of about 310,000 square miles and a population of about 17,000,000. Indo-China comprises three distinct economic areas: (1) The agricultural territory tributary to Saigon, one of the great rice-growing regions of the world; (2) the region tributary to Haiphong, which is devoted to agriculture, mining, and manufacture; and (3) Central Annam, which is agricultural but not important as a rice-growing district. The minerals of Indo-China are coal, lignite, antimony, tin, wolfram, and zinc. The chief exports are rice (which forms about 70 per cent of the total), fish, pepper, hides, coal, cotton, rubber, and sugar. In 1919, the total commerce was valued at 2,293,-000,000 francs, or 1,332,000,000 more than the average for the preceding five years.

*The lonely islands of St. Paul and Amsterdam, situated about 37° south, in the Indian Ocean midway between Africa and Australia are also French possessions, as is the island of Kerguelen, 50° south and 70° east. These islands are of no present commercial value.*
New Caledonia, situated some 600 miles east of Australia and a little north of the tropic of Capricorn, is 248 miles long and has a breadth of 31 miles. Its area is 7,200 square miles, of which more than half is mountainous and noncultivable. The chief agricultural products are coffee, copra, cotton, manioc, maize, tobacco, bananas, and pineapples. Minerals, coffee, copra, rubber, and guano are exported. The imports are wine, coal, flour, and rice. In 1918, the exports amounted to $4,700,000 and the imports to $3,900,000.

Other French islands in the Pacific, dependencies of New Caledonia, are the Isle of Pines, the Wallis Archipelago, the Loyalty Islands, the Tuamotu Islands, and Futuna and Alaf.

The "French establishments in Oceania" consist of a great number of small islands scattered over a wide area in the least frequented part of the Pacific. They lie 2,000 to 3,000 miles south and southeast of Hawaii and at even greater distances from New Zealand and South America. They comprise the Society Islands, the Marquesas Islands, the Tuamotu group, the Leeward Islands, and the Gambier group, the Tubuai group, and Ropa Island. The total area of these is estimated at 1,543 square miles.

St. Pierre and Miquelon, close to the south coast of Newfoundland, have a combined area of 93 square miles. The chief industry is cod fishing, which is on the decline. The principal exports are cod fish and fish products. The imports include textiles, salt, wines, foodstuffs, and meats. The exports in 1915 were valued at 8,919,000 francs and the imports at 2,574,000 francs.

Guadeloupe, situated in the Lesser Antilles (West Indies), consists of two islands separated by a narrow channel. Guadeloupe has five island dependencies, namely, Marie Galante, Les Saintes, Desirade, St. Barthelemy, and St. Martin. The total area of the whole colony is 958 square miles. The chief products are sugar, coffee, and cocoa.

Martinique, another of the Lesser Antilles, has an area of 381 square miles. The principal products are sugar and cocoa. Coffee, tobacco, and cotton are also produced. The exports in 1915 amounted to 41,957,325 francs, the imports to 22,439,125 francs.

French Guiana, on the north coast of South America, between Dutch Guiana and Brazil, has an area of about 34,000 square miles. There is very little agriculture. Rice, maize, manioc, cocoa, coffee, sugarcane, indigo, tobacco, and gutta percha are produced. Gold mining is the principal industry. The exports consist of cocoa, phosphates, various woods, gold, rosewood essence, and hides. The exports in 1915 amounted to 11,371,905 francs, the imports to 10,171,597 francs.

The total foreign trade (imports and exports) of the French colonies for the year 1913 amounted to 3,261,158,000 francs, as compared with a foreign trade of 19,984,300,000 francs for France for the same year.

Table 2 shows the value of the trade of the French colonies in 1913, and the portion carried on with the mother country, with each other, and with foreign countries.
### Table 2.—Trade of the French Colonies, 1913.

**[In thousands of francs.]**

<table>
<thead>
<tr>
<th>Colony</th>
<th>Total trade</th>
<th>Imports</th>
<th>Per cent of total trade</th>
<th>Exports</th>
<th>Per cent of total trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>1,273,667</td>
<td>720,728</td>
<td>57.6</td>
<td>552,949</td>
<td>43.4</td>
</tr>
<tr>
<td>Indo-China</td>
<td>690,291</td>
<td>365,432</td>
<td>47.0</td>
<td>345,229</td>
<td>53.0</td>
</tr>
<tr>
<td>French-Morocco</td>
<td>221,607</td>
<td>181,427</td>
<td>81.9</td>
<td>40,180</td>
<td>18.1</td>
</tr>
<tr>
<td>Tunis</td>
<td>322,918</td>
<td>144,255</td>
<td>44.7</td>
<td>178,664</td>
<td>55.3</td>
</tr>
<tr>
<td>West Africa</td>
<td>277,718</td>
<td>151,574</td>
<td>54.6</td>
<td>126,144</td>
<td>45.4</td>
</tr>
<tr>
<td>Madagascar 4</td>
<td>102,802</td>
<td>46,747</td>
<td>45.4</td>
<td>56,054</td>
<td>54.5</td>
</tr>
<tr>
<td>French Somaliland</td>
<td>81,621</td>
<td>33,917</td>
<td>41.6</td>
<td>47,704</td>
<td>58.4</td>
</tr>
<tr>
<td>Equatorial Africa</td>
<td>57,847</td>
<td>21,182</td>
<td>36.6</td>
<td>36,666</td>
<td>63.4</td>
</tr>
<tr>
<td>French India</td>
<td>51,351</td>
<td>10,537</td>
<td>21.0</td>
<td>40,720</td>
<td>79.0</td>
</tr>
<tr>
<td>Martinique</td>
<td>51,041</td>
<td>22,144</td>
<td>43.4</td>
<td>28,897</td>
<td>56.6</td>
</tr>
<tr>
<td>Reunion</td>
<td>41,327</td>
<td>24,935</td>
<td>60.0</td>
<td>16,392</td>
<td>40.0</td>
</tr>
<tr>
<td>Guadeloupe 4</td>
<td>38,602</td>
<td>20,174</td>
<td>52.5</td>
<td>18,287</td>
<td>47.5</td>
</tr>
<tr>
<td>New Caledonia 4</td>
<td>33,546</td>
<td>17,708</td>
<td>52.8</td>
<td>15,838</td>
<td>47.2</td>
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<td>French Guiana</td>
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<td>50.5</td>
<td>12,223</td>
<td>49.5</td>
</tr>
<tr>
<td>French Oceania</td>
<td>20,845</td>
<td>9,630</td>
<td>45.9</td>
<td>11,555</td>
<td>56.1</td>
</tr>
<tr>
<td>Saint Pierre and Miquelon</td>
<td>10,550</td>
<td>4,557</td>
<td>41.3</td>
<td>6,002</td>
<td>59.7</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Colony</th>
<th>Trade with France</th>
<th>Trade with French colonies</th>
<th>Trade with Foreign countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>82.8</td>
<td>67.1</td>
<td>117.2</td>
</tr>
<tr>
<td>Indo-China</td>
<td>35.1</td>
<td>22.5</td>
<td>63.5</td>
</tr>
<tr>
<td>French Morocco</td>
<td>32.0</td>
<td>32.9</td>
<td>39.0</td>
</tr>
<tr>
<td>Tunis</td>
<td>32.8</td>
<td>40.9</td>
<td>39.0</td>
</tr>
<tr>
<td>West Africa</td>
<td>41.2</td>
<td>33.8</td>
<td>40.0</td>
</tr>
<tr>
<td>Madagascar 4</td>
<td>3.8</td>
<td>60.1</td>
<td>39.0</td>
</tr>
<tr>
<td>French Somaliland</td>
<td>51.0</td>
<td>61.1</td>
<td>51.0</td>
</tr>
<tr>
<td>Equatorial Africa</td>
<td>3.8</td>
<td>60.1</td>
<td>36.6</td>
</tr>
<tr>
<td>French India</td>
<td>3.5</td>
<td>60.1</td>
<td>33.0</td>
</tr>
<tr>
<td>Martinique</td>
<td>50.0</td>
<td>60.1</td>
<td>50.0</td>
</tr>
<tr>
<td>Reunion</td>
<td>47.4</td>
<td>60.1</td>
<td>47.4</td>
</tr>
<tr>
<td>Guadeloupe 4</td>
<td>55.5</td>
<td>89.7</td>
<td>56.6</td>
</tr>
<tr>
<td>New Caledonia 4</td>
<td>48.5</td>
<td>40.8</td>
<td>47.7</td>
</tr>
<tr>
<td>French Guiana</td>
<td>65.4</td>
<td>67.0</td>
<td>56.6</td>
</tr>
<tr>
<td>French Oceania</td>
<td>19.3</td>
<td>13.7</td>
<td>52.8</td>
</tr>
<tr>
<td>Saint Pierre and Miquelon</td>
<td>32.5</td>
<td>88.9</td>
<td>46.8</td>
</tr>
</tbody>
</table>

1 Including trade with other French colonies.
2 Trade with France and Algeria.
3 Including trade with French colonies other than Algeria.
4 And dependencies.

## II. Government of the Colonies and the Making of Tariffs.

**GOVERNMENT.**

The difference in the political status of the various French colonies is considerable, though there is none among them that corresponds to the British self-governing Dominions. Since 1881, Algeria has been treated for most purposes as a part of France and is not technically a colony. Tunis, Morocco, and parts of Indo-China are protectorates, governed by native rulers with the "advice" of French "residents," in accordance with treaties which give to the French complete control over foreign affairs, and a less defined influence in

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1 In the political system it consists of three 'Departments.'
domestic matters. The New Hebrides, in so far as they are governed by Europeans, are under the joint control, or "condominium" of France and Great Britain.

The other French possessions are colonies proper, and they fall—
including the whole of Indo-China—under the jurisdiction of the colonial ministry. Laws dealing with the colonies collectively usually read: "the colonies and the protectorates of Indo-China." Such laws do not apply to Algeria, Tunis, Morocco, and the New Hebrides. Of the colonies proper Guadeloupe, Martinique, Reunion, Guiana, French India, Senegal, and New Caledonia have elective "Councils General." But whether they have a Council General or only an advisory Administrative Council for an all-powerful governor, there is in the colonies only a limited field for legislative determination by the local government. All matters of importance must be approved by the authorities in Paris. Indeed, in any matter and at any time the French Chambers may legislate for the colonies directly, while to a large extent the colonies are subject to government by decrees from Paris. Such decrees are either simple decrees of the President, that is, of the minister of colonies, or "decrees in the form of regulations of public administration;" that is, decrees of the Council of State.

Over the government in Paris the colonies have little influence. Several of them are represented in the legislative bodies, but the total representation of Algeria and all colonies is only 7 out of the 314 senators, and 16 out of the 610 deputies.

**THE MAKING OF COLONIAL TARIFFS.**

The home government has kept strict control over tariff policy. The parts taken by the French legislature and the French executive respectively in this control will be described in a general way in the following paragraphs, but certain peculiarities of the French colonial tariff system have been explained.

The French legislature has supreme control over the colonial tariff system. It is not limited by any constitutional provision on the sub-

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11 The residents in Tunis and Morocco are subject to the ministry of foreign affairs. This ministry has a division of African affairs (sous-direction d'Afrique) which in addition to governing Tunis and Morocco controls the Moslem policy of France and controls the relations of the French African colonies to other French colonies and to foreign countries (L'Afrique Francaise, 1918, p. 126.)

12 In the Chamber of Deputies a single committee formerly dealt with foreign and colonial affairs, but early in 1920 the chamber adopted a proposal to have separate committees for foreign affairs and for the colonies, but the proposal was adopted only after it had been so amended that the protectorates and Algeria were excluded with the colonies proper. (Ib. 1929, p. 66.)

13 The representation of the colonies in the national legislature is fixed by the constitution, but the number of deputies representing France increases with the increase of the population. Twenty-odd years ago the colonies were represented by 16 out of 354 deputies. The membership of both Senate and Chamber has been increased recently by the addition of representatives of Alsace-Lorraine. There is also a superior council of the colonies, upon which all the colonies (except Somaliland and the protectorates of Morocco and Tunis) are represented, either by delegates elected for that purpose, or by their ministers (sous-directions). This council was instituted in 1885, but did not meet after 1888. It has now been reorganized in three sections, by decree of Sept. 23, 1920. (a) The high colonial council (composed of ex-ministers of the colonies, ex-governors general, and representatives of the ministers of foreign affairs, who have served under the presidency of the colonial minister) is to consider general administrative and economic problems, political and military organization, and the status of natives. (b) The economic council (composed of the senators, deputies, and delegates of the colonies, representatives of the central and colonial governments taken from the departments which deal with economic matters and other members appointed for their special experience in financial, industrial, commercial, agricultural, or maritime affairs affecting the solidarity of the colonies and the mother country) is divided into seven sections for the consideration of problems relating to foodstuffs, fats, textiles, minerals, forest and vegetable products, maritime transport, and travel and colonial propaganda. (c) The council of colonial legislation (composed of members appointed for their competence, together with a few officials and representatives of any colony concerned in the subject under deliberation) is to consider legislation for fiscal and administrative reforms. See preamble and text of the decree in the Journal Officiel, September 30, 1929, pp. 1445-1449.

14 Except in Martinique, Guadeloupe, and Reunion, in 1866-1902; see p. 143.
ject. Its power is equally great in respect to the general rules, the exceptions to these rules, and the precise rates to be applied. In practice, however, through the greater part of the system the power of determining the exceptions and the rates is delegated to the executive; but this does not prevent the legislature from acting directly if it so desires.

The relation between authority and product in the making of the colonial tariffs may be stated as follows: There are (a) rules laid down by the legislature and not subject to modification by the executive; (b) rates fixed by the legislature, but for the most part subject to change by the executive; (c) and rules and rates left entirely to the executive.

(a) The general rules made by the legislature and not subject to exceptions made by the executive provide that the products of the assimilated colonies shall enter France free and that intercolonial trade shall be free. Exceptions can be made only by the legislature.

(b) The legislature fixes the tariff rates for foreign goods imported into the assimilated colonies, and it also fixes the minimum tariff rates of France which are normally to be paid by the products of the nonassimilated colonies on entry into France. The French legislature makes these rates primarily for France, and they apply automatically to the assimilated colonies unless, as was provided in the tariff revision law of 1910, their application is explicitly made dependent on action by the executive. To these rates the executive may make exceptions as soon as the schedules are in force. For Tunisian goods entering France the legislature itself determines the special reductions and exemptions, while it leaves to the executive the determination of the quantities of goods that shall benefit by these reductions.

(c) The powers invested in the executive either before or by the tariff act of 1892 may be set forth under four heads:

(1) In the case of nonassimilated colonies and where there are no treaty restrictions, the executive may exercise, by decree, full control over the tariff régimes.

(2) In the case of assimilated colonies the executive may, in the absence of treaty restrictions, change the legislative rate (that is, the French tariff rate) upon any article or articles, either increasing or decreasing it, the only limitation on this power being that the local council general, or council of administration, must be consulted—though its views may be entirely ignored. These special rates established by the executive continue in force even if the legislature later prescribes in the general tariff new rates for these articles.

(3) The executive may also grant to any product of any nonassimilated colony on entry into France exemption from a part or all of the minimum duty which it would pay under the general rule of the law of 1892. Decrees for any of the purposes specified above are made as "decrees in the form of regulations of public administration," that is, decrees of the Council of State. They will be further discussed under the heading "Modifications of the system." (See p. 151.)

(4) Under the law of 1890, which granted special reductions or exemptions to Tunisian products, it was provided that the quantities

14 This does not apply to Algeria, the tariff régime of which is not subject to revision by the executive.
15 The local council may take the initiative and request a change of rates.
of such products to be admissible at the reduced rates should be
determined annually by simple decree, that is, by a decree in the
name of the president but upon the responsibility of the minister
or ministers who countersigned it.

In addition to this extensive authority in relation to the colonial
tariff system, the executive is empowered to approve or disapprove
the colonial consumption duties, as will be explained. This descrip-
tion of the power usually exercised by the legislature and of the
executive relates to times of peace; in time of war the executive
becomes practically supreme.

As a general rule, decrees relating to the tariffs of the colonies are
issued separately for each colony because the tariff provisions differ
for each of them. Some decrees, however, are made to apply to the
colonies collectively or even to France and the colonies. For instance,
a decree of November 8, 1919, prohibited the exportation of arms
to China from France, Algeria, and the French colonies and pro-
tectorates.

In West and Equatorial Africa areas under the same colonial
government are subdivided for tariff purposes, so that there are
among the colonies no less than 20 different tariffs, no two of which
have exactly the same charges. While the French colonial tariffs
exhibit variety and something of complexity, it is possible to group
them in a threefold classification, and to that end there will be dis-
tinguished in this report the "assimilated" colonies, the "special
régime" colonies, and the "open-door" colonies.

III. Colonial Tariff Policy and System.

EARLIER POLICY.

The colonial tariff policy of France has undergone several radical
and sudden changes in the past century and a half. To begin with,
the French Revolution swept away the monopolistic policy of the old
régime; it was then decreed that there should be no tariffs between
France and her colonies, for the latter were considered parts of
France herself. At the same time the duties on goods from foreign
countries were reduced.

But when the first Napoleon rose to power there was a reversion
toward the older exclusive system, and it was not until Napoleon III
became Emperor that that system was definitely abandoned. By a
"véritable coup d'état," Napoleon III, through a series of treaties
(1860–1866), imposed a liberal tariff policy on France. The first and
most important of these treaties, the "Cobden treaty" with Great
Britain, was a product of secret diplomacy and was not even con-
ffirmed by the French legislature.  

Napoleon III at the same time liberalized France’s colonial tariff
policy. The main features of the colonial system established in the
years 1861–1870 were as follows:

16 Circulaire, série générale, No. 168, or Journal Officiel, November 16, 1919. The term protectorate
in this decree does not include Tunis or Morocco.
17 This policy was called tariff "assimilation." By tariff assimilation of their colonies the French meant
the establishment of a customs union—a common tariff barrier around France and the colonies imposing
the same rates upon foreign goods whether imported into France or into the colonies, while within this
barrier free trade was to exist between the mother country and the colonies and among the various colonies.
This is still the theory of assimilation, though no part of it is consistently carried into practice.
18 Angier, Chas., and Marvaud, Angel: La Politique douanière de la France dans ses rapports avec celle
des autres états, 1911, pp. 3, 5.
(1) Foreign goods might now enter the colonies. The older rule which forbade them this privilege had already been modified in 1845–46.

(2) Colonial products might now find a market in foreign countries.

(3) The trade with the colonies was thrown open to the ships of every nationality subject to the payment of navigation surtaxes, and after a short interval these surtaxes were discontinued.

(4) Duties on colonial goods imported into France were abolished or reduced, though for purposes of revenue it was thought necessary to maintain a part of the duties on the chief colonial products, such as sugar, coffee, and cocoa.

(5) Guadeloupe, Martinique, and Reunion, which were then "the colonies" in the eyes of Frenchmen, received "tariff autonomy" (in 1866), and when they made use of this to abolish the duties which fell only on foreign goods and to increase the octrois which fell on all goods alike, the Council of State ratified the decrees.

(6) Goree, in Senegal, was made a free port, while Guiana had duties of 3 per cent without discrimination.

In short, the system was liberal throughout. As a result partly of the commercial depression which began in 1873, the mid-century liberal movement rapidly lost headway. By the end of the seventies most of the countries of continental Europe had returned to protection. France was more deliberate. The tariff was not revised until 1881, and even then treaties with a dozen countries maintained the older rates in force for their goods; but after the crisis of 1882 the protectionist movement "vigorously manifested itself," and within the decade successive acts put duties on sugar, cereals, cattle, alcohol, and a number of other articles. Finally the law of January 11, 1892, "crowned the triumph of protectionism." Relations with the colonies naturally were affected by this movement. The Algerian tariff was assimilated to that of France in 1884, that of Indo-China was assimilated in 1887, while in and after 1884 special duties on foreign products were established in various French colonies. The partition of Africa, accompanied by a great increase of interest in all colonies, took place during this period.

THE TARIFF LAW OF 1892—POLICY.

By the tariff law of January 11, 1892, France returned to the policy of tariff assimilation which had been adopted by the French Revolution as an expression of the brotherhood of man. But in 1892 the emphasis was rather on the thought that the colonies should reimburse France for the expense to which she had been put in the recent large acquisitions of territory than upon any broadly humanitarian purpose. This could be done, it was felt, by compelling the colonies to buy a larger share of their imports from France through the establishment of a customs union, thus converting France's unfavorable balance of trade with the colonies into a favorable balance.

19 Although in Algeria the full French tariff was collected on textiles, beverages, and a few other items and two-thirds of the French rate was charged on many manufactured articles. Arnaudé, Aug.: Le Commerce extérieur et les Tarifs de Douane. 1911, pp. 148, 268–274; Moye, Marcel, and Nogaro, Bertrand: Les Régimes Douaniers, 1910, p. 41: Girault, Arthur: The Colonial Tariff Policy of France, 1916, pp. 60, 71–80.
TRETY LIMITATIONS.

Owing to treaty obligations, France has at no recent time had an entirely free hand in regard to her colonial policy. The motives which led France to assume those obligations need not detain us here, but it will be useful to consider certain treaties which, existing in 1892, affected the policy adopted then, as well as various treaties entered into since that time which relate to colonial tariffs. The provisions of these treaties will be here treated, not in chronological order, but in succession according as they relate to the subjects (1) of the open door in Central and West Africa, (2) of the limiting of the trade in alcohol and arms, (3) of the customs duties of Tunis, Morocco, Somaliland, and the New Hebrides, and finally (4) of the minimum tariff in the assimilated colonies.

THE OPEN DOOR IN CENTRAL AND WEST AFRICA.

The general act of the conference of Berlin, 1884–85, provided for freedom of trade and of navigation in the basin of the Congo, so defined as to include territory east and west to the Indian and the Atlantic Oceans. Most stringent provisions prohibited import duties for 20 years and transit duties in definitely, limited navigation fees on the Congo and its affluents to compensation for port and river improvements, and carefully excluded all differential features. Export duties were not prohibited, however, and a declaration which was added to the general act of the Brussels antislavery conference in 1890 authorized import duties not to exceed 10 per cent.\(^2\)

France, Portugal, and the Congo State then agreed in 1892 to limit import duties in the western part of the Congo basin to 6 per cent ad valorem, with certain exceptions. This accord remained in force, the rate being raised to 10 per cent in 1902 and the valuations increased in 1907, until denounced by France in 1911.

Because of the provisions of the general act of the conference of Berlin it was impossible, when Gaboon became an assimilated colony under the French tariff law of 1892, to apply the French tariff to that part of the colony lying within the Congo basin. By another treaty Dahomey was necessarily excluded from the list of assimilated colonies, at least for a time, and this exclusion was doubtless a factor in determining the status of West Africa as well as in the confirmation of the open-door policy in both Dahomey and the Ivory Coast by the treaty negotiated in 1898 between France and Great Britain.

Dahomey and Togo had for many years identical tariffs, with no customs line between them, by agreements of 1887 and 1889, and the treaty of 1898 with Great Britain guaranteed for 30 years commercial equality in the Ivory Coast and Dahomey, in the Gold Coast and Nigeria, and, by an extension agreed upon before the treaty was ratified in 1899, in the country south and east of Lake Chad to the conventional basin of the Congo and to the Nile. In practice, other powers have enjoyed the benefits of these arrangements equally with the signatories.

\(^2\) See the chapter on the Congo for a full account of this treaty and related matters, p. 85.
LIMITATION OF THE TRADE IN ALCOHOL AND ARMS.

The international conference held at Brussels in 1890 placed restrictions on the traffic in alcohol and arms throughout that part of the African continent which lies between 20° north and 22° south. The area thus delimited includes, on the Atlantic coast, the territory from somewhat north of Walfish Bay almost to the Rio de Oro, and on the Red Sea and the Indian Ocean, most of the Sudan and a large part of Portuguese East Africa, extending northward beyond Suakin and southward beyond Sofala. Liberia acceded to this treaty on August 11, 1892, and the Sultan of Zanzibar was a party to it, so that Abyssinia was the sole territory within the limits set which was not subject to its provisions.

It was agreed at the Brussels conference in 1890 that as soon as the treaty should become effective the duty on alcoholic liquors should be raised, where it was less, to 15 francs per hectoliter (10.957 cents per gallon) of alcohol of 50° strength, and that three years later this rate might be increased to 25 francs. This agreement was revised on June 8, 1899, and it was provided that the rate should be 70 francs, with proportionate increases for alcoholic strength above 50°, for a period of six years; and later, by a convention of November 3, 1906, the rate was raised to 100 francs (73 cents per gallon), for 10 years. These various agreements likewise stipulated that any liquors produced locally should pay an excise not lower than the rate of duty, and that in districts where the use of liquor was forbidden by the religion of the natives, or where for any reason its use had not developed, its entry should be altogether prohibited.

It was further agreed by the Brussels conference of 1890 that as an aid to the suppression of slavery throughout the aforesaid territory no arms should be sold to the natives in any district where the slave trade continued, nor should any arms of precision, such as breech-loading and magazine rifles, be sold to any natives anywhere. Flintlock guns and common gunpowder, known as "trade powder," might be sold under certain restrictions. This was to be put in force for 12 years and then for further periods of 2 years until denounced with 6 months' notice. To this was added by a protocol of July 22, 1908, a total prohibition of the importation, except for transit, and of the sale to natives, of all arms, within a territory extending on the Atlantic coast from the Cross River to 25 kilometers south of the Congo and extending inland to include all of Kamerun, the southern part of French Equatorial Africa, and a large part of the Congo State. This agreement was made for the four years following February 15, 1909, and was denounced by France on February 6, 1912. Another agreement, of June 15, 1910, amended the declaration of 1890 with regard to import duties, by allowing the imposition of a duty greater than 10 per cent on arms.

THE CUSTOMS DUTIES OF TUNIS, MOROCCO, SOMALILAND, AND THE NEW HEBRIDES.

In both Tunis and Morocco the French, when they established their protectorates, found themselves bound by preexisting treaties. In the case of Tunis the treaty of 1875 with Great Britain prohibited duties exceeding 8 per cent ad valorem and contained various other

22 Togo and Dahomey were allowed a rate of 60 francs.
restrictions affecting the tariff; and numerous treaties of earlier and later dates extended these provisions, through the operation of the most-favored-nation clause, to other countries. France, therefore, could give her merchants no preference in Tunis until a series of treaties and declarations in 1896 and 1897 cleared the way for the practical assimilation of the Tunisian tariff in 1898. Even then, until 1905, the treaty with Italy prescribed that rates in the Tunisian tariff should not be higher than the minimum tariff of France.\(^2\) (France was not prevented, however, from giving her colonists in Tunis an advantage in her own market. This was done in 1890.)

Similarly, when the French protectorate in Morocco was finally recognized in 1912, the tariff was already limited by treaties dating as far back as that with Great Britain in 1856, which stipulated that the import duties should not exceed 10 per cent. Then, too, there were the stringent provisions of the general act of the conference of Algeciras, in 1906, against any sort of commercial discrimination. That conference, however, permitted a surtax of 2\(\frac{1}{4}\) per cent in addition to the 10 per cent previously allowed as the maximum import duty.

A treaty of December 13, 1906, relating to Eritrea and the three Somalilands, and to which France, Great Britain, and Italy were parties, prohibited transit duties except to the extent necessary to cover the cost of supervising the traffic in arms and alcohol. It contained an express provision that all other powers should benefit by these stipulations. A French treaty of 1906 with Great Britain provides for equal tariff treatment in the New Hebrides and stipulates that all tariff rates shall be agreed upon between the commissioners of the two countries.

**THE MINIMUM TARIFF IN THE ASSIMILATED COLONIES.**

Finally, it should be noted that certain treaties distinguished between the colonies and the mother country in regard to the right to the minimum tariff. The law of 1892 nationalized the tariff and expressly extended to the countries entitled to the minimum tariff of France, the same right to the minimum tariff in Algeria and the assimilated colonies.\(^3\) This free extension of the right to the minimum tariff of the colonies was attacked by the protectionists as extravagant, and some of the later treaties exclude the colonies, but not Algeria, from arrangements for the minimum tariff, or include them only in return for further concessions. The treaties with Haiti, June 31, 1900, and January 31, 1907, mention only France and Algeria and thus do not apply to the colonies. Treaties of 1906 and 1907 with Bulgaria, Servia, and Roumania provided that the colonies might be included on the demand of France on two months' notice. Similarly, the treaty with Portugal, effective by a decree of February 20, 1911, gives to products of Portugal, Madeira, Porto Santo, and the Azores the advantage of the minimum tariff in France and Algeria only. Likewise the provisions of the treaty with Japan (August 11, 1911) have never been extended to

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\(^2\) There were certain exceptions to this prohibition.  
\(^3\) The nonassimilated colonies have no minimum tariffs. The Protectorate of Tunis is not an assimilated colony within the meaning of the law in question.
French Indo-China and Oceania, though they applied to all the Japanese possessions. This exclusion was due to the refusal of Japan to make the desired concessions in favor of rice from Indo-China, and hence "established a new principle; that the grant of the privileges of the minimum tariff in France should be regarded as compensation for advantages accorded for the products of France proper; while the grant of the privileges of the minimum tariff in the colonies should be regarded as compensation for advantages accorded to the products of those colonies." 25

In order to obtain a free hand in the reconstruction period, France denounced all her commercial treaties. It remains to be seen whether the "new principle" will be embodied in the new series of trade agreements. The colonies are omitted from the Franco-Canadian agreement of 1921.

The decrees fixing special tariff rates in the colonies name only a single rate of duty which takes the place of the French general and minimum tariffs. The only exceptions are that in 1911 general and minimum rates were set upon one or more articles in Guiana, Guadeloupe, Madagascar, and Indo-China, and upon a score of items in New Caledonia.

COLONIAL TARIFF SYSTEM.

UNDER THE LAW OF 1892.

As the present colonial tariff system is based upon the tariff law of 1892, it will be profitable to examine its leading features as established at that time.

Classification of the colonies.—The law of 1892 did not apply the policy of assimilation to all of the colonies. The more important colonies were assimilated; the others were not, either because treaties stood in the way, or because their importance lay chiefly in their situation as centers of transit and transshipment, or because their small size and their distance from France prevented the prospect of much gain from them. Thus the law divided the colonies into two classes—the assimilated colonies and the nonassimilated. The customs duties to be collected in the nonassimilated colonies were not provided for in the legislation of 1892, and as a matter of fact the utmost diversity exists among the tariffs of these colonies. On the basis of their actual tariff systems the nonassimilated colonies may be further divided into two classes, "special régime" and "open door" colonies. The characteristics of the three classes of colonies here enumerated may be summarized as follows:

A. Assimilated colonies (tariff characteristics): The assimilated colonies have in general free trade 26 with France and present to the trade of foreign countries the same tariff barrier that is found in France. 27 These colonies thus give the maximum of advantage, 28 as

25 Girault: Op. cit., pp. 132-136. Continuing, by way of comment, Girault says: "From this point it is only a step to a policy of separate agreements, some relating to the national domain, others, not to the colonies in general, but to the several colonies in particular. This step will doubtless be taken sooner or later."

26 "Free trade" here refers only to customs duties. For other duties see p. 148. The entry of French goods into the colonies free of customs duties preceded the law of 1892.

27 There were under the law of 1892 important exceptions to the free entry of colonial products into France, but these have since for the most part been done away with. The council of state may modify the application of the French tariff to the assimilated colonies.

28 Unless the unusual measure should be adopted of giving the colonies a tariff higher than that of the mother country.
far as tariff is a factor, to French trade, and they are given a corresponding advantage in the French market.

B. Nonassimilated colonies with special régimes (tariff characteristics): The special régime colonies have individual tariffs, in which customs duties are imposed only on foreign goods. The rates of duty have no necessary relation to those of the tariff of France or of any other tariff; they may be proposed locally but are decreed only by the French Council of State. Products of these colonies entering France may be granted special rates or exemptions, by decree; otherwise they pay the minimum rates. The tariffs of colonies in this group discriminate less against foreign goods than do those of the assimilated colonies, for their rates are lower than those of the tariff of France.

C. Nonassimilated colonies with "open door" (tariff characteristics): The open-door colonies have either slight duties or none, but in any case they put no heavier duties on foreign goods than on French products. Their products when entering France normally pay the French minimum duties; that is, the rates conceded to the most-favored other countries in exchange for equivalent commercial concessions; but in 1892 the French Council of State was empowered to grant them lower rates by decree—and a number of such special reductions have been made. Although certain of their products thus enjoy a preference in the French market, these colonies grant no preference to French goods.

_Treatment of intercolonial trade._—Trade between the colonies is free, except trade in foreign products. The tariff law of 1892 established the rule that, regardless of the classification of either colony, "native products of a French colony which are imported into another French colony, shall not be subject to customs duty"; and, "foreign products imported from a French colony into another French colony, shall be subjected in the latter to the payment of the difference between the duties of the local tariff and those in the tariff of the exporting colony." (Art. 5.) The protectorates of Tunis and Morocco and the Condominium of the New Hebrides are not colonies within the meaning of this article. Algeria was at one time held to be such a colony but this ruling was later reversed. See p. 179.

_Levying of additional charges on imports._—The French colonies employed before 1892 and they still retain certain other imposts upon imports, not materially affected by the law of 1892, which by reason of the burden which they impose and of the degree to which they are inevitably related to customs duties commercially and economically, can not be neglected. These may be called collectively "consumption duties," although they go under the names octroi de mer, droit de consommation, and droit d'importation. The two last named are obviously "consumption duties" and "duties on importation," but the term octroi de mer is not easily translated. The characteristic feature of the octroi de mer is that its proceeds, beyond 6 per cent or 10 per cent retained for costs of collection, are distributed among the communes instead of going into the general treasury of the colony. The droit d'importation is found only in Equatorial and West Africa and does not differ legally from the consumption duty. In Dahomey and the Ivory Coast it is the only duty imposed, but the use in the law of the term "customs duty" would, according to French law, have conferred free entry upon the
products of France and of the other colonies. The use of the distinctive term "droit d’importation" allows the maintenance of the open door without inconsistency or conflict. Several of the colonies have both the octroi de mer and the droit de consommation.

All three of these imposts differ from the customs duties in two respects. First and chiefly, according to French usage, a customs duty is a duty falling only on foreign goods, while, by definition, any of the three consumption duties must fall equally on goods of all origins. Second, these imposts, as is explicitly laid down in the law of 1892 for the octroi de mer, were to be levied by the local councils. The Council of State might veto them, but they might be put in force provisionally by the Colonial Governor before being considered by that council.29

On the other hand, these three imposts present to the merchants who deal in foreign products exactly the same type of cost factor as do the customs duties. The customs authorities collect them, and all the rules in regard to declarations, tares, bonding, etc., apply equally to them. Yet the importer of foreign products finds that his rivals who import French goods have no advantage in respect to these duties, and that in theory and to some extent in practice these duties do not afford protection even to local industry. It was laid down explicitly in 1884 that the octroi of Algeria should be paid on the articles specified if consumed in Algeria, whether imported or of local origin. Such a provision is found generally in the decrees which fix the rates of the colonial octrois de mer and droits de consommation, and in some cases the Cour de Cassation and the Council of State have condemned as ultra vires the imposition of certain of these consumption duties, because they did not fall on local products equally with imported products and hence were protective in character. According to these decisions—there are conflicting decisions and the rule is not generally enforced—any duty discriminating between French and foreign trade and any impost protecting the local market against French goods is necessarily a "customs duty" and can not be included with any of these three consumption duties. Therefore the imposition of such charge can not be originated by the local council, but must be wholly within the power of the French Council of State both to originate and to reject. The local council may petition for it; it can do nothing more. There is some disposition to require that the octrois be limited to the list of articles which may be similarly taxed in the French cities and to enforce the rule applicable to them in France that octrois can be decreed only for periods of five years.30

Colonial authorities levy also various fees, either upon goods or upon shipping, for wharfage, pilotage, navigation, port improvement, warehousing, sanitary inspection, and the like. A statistical duty is generally collected in the colonies. These fees are generally but not always free from discriminatory features. At Saigon, for instance,

29 The veto of the Council of State, like the governor’s veto on appropriations in some of the states of the United States, extends to the items proposed; and apparently to any separable part of the proposed system. The rate of a tax may be reduced or its duration limited. Indeed, in the case of the West African tariff of 1905, when the droit d’importation and the "surtaxes," or customs duties, were promulgated by the same decree, the Council of State considered the whole scheme of imposts de novo “on the principle of attachment to the body of most extensive authority.” See an article by Pierre Ma, in Questions Diplomatiques etColoniales, vol. 21, p. 611.
French vessels receive a reduction of 60 per cent in the tonnage and pilotage fees.

There are in France certain consumption taxes which, paid on domestic products, are likewise levied upon colonial as well as foreign products imported into the mother country. These fall on alcoholic beverages, compounds with an alcoholic content or basis, sugars, certain sugar compounds, salt, dynamite, candles, automatic lighters, and bicycles and motorcycles. Wines up to 15° and the lighter drinks pay a droit de circulation whose rate is 1.50 francs and 80 centimes, respectively, per hectoliter; but the stronger wines and distilled spirits pay a droit de consommation whose rate before the war was 220 francs per hectoliter of pure alcohol. The interior tax on sugar is offset by a like duty in the tariff schedules, and that part of the duty which falls only on foreign sugars is accordingly called a surtax, but there is also in addition to the duties mentioned in the tariff schedule a refining tax of 2 francs per 100 kilograms, paid by refined sugar of all origins and collected by the customs. All these taxes on alcohol and sugar are collected also on molasses, sirups, etc., and on varnish, certain soaps, tannic acid, etc.—in general on all chemical and medicinal compounds with an alcoholic basis. Salt pays 10 francs per 100 kilograms. The French duties on candles, lighters, and cycles are not likely to affect the colonies, since France does not import these goods from those sources.

Export duties.—The law of 1892 contains no mention of export duties, but such duties have existed in some of the colonies and were formerly more important in the fiscal system than they are now.

Minimum rates and direct transportation.—The colonial trade generally was thrown open to ships of every nationality by laws of 1861 and 1866, but the law of May 16, 1863, provided that "reductions of duties established by reason of the places of origin or production are applicable only when it is certified that the merchandise has been imported directly from the country of origin or of production designated by the law." This rule tends strongly to exclude from the French colonial trade all vessels which do not confine themselves to that trade.

The requirement of direct importation is not special to the colonial trade, but is part of a general policy. The minimum tariff is conceded regularly with the restriction that the goods enjoying it shall be imported directly or through a country entitled to the same rates. Tables D and C of the tariff contain surtaxes applicable respectively to most non-European goods imported through a European country and to certain goods which originate in one European country and are imported via a port of another, i. e., discharged in a European port and thence reshipped.


22 "Directly" here means without calls at any but French ports; but this definition has been relaxed to allow calls at other ports, subject to certain conditions, such as that no goods similar to those entitled to favored-nation treatment be taken on board. The companies operating regular lines are not, however, held strictly to this latter rule, nor even to the strict forbidding transshipment of the goods to be imported. See Pallain: Op. cit., Vol. I, pp. 63-69. See also Direction Générale de Douanes: Tarifs Douanes de France, Observations Préliminaires, 1905, Nos. 36-39.

23 See pp. 152, 155, 188, 202, and 223 for war time and other exceptions to the rules for direct transportation and use of French vessels. The relaxation of the rule in the trade with Indo-China ended Oct. 15, 1920. It may be noted that products of the Philippines are not entitled to the French minimum tariff, and those products of the United States which are so entitled forfeit the right if they are transshipped in Manila for Indo-China.
The "reduction of duties established by reason of the places of origin or production" became increasingly important as the assimilated colonies became more numerous and as the preferences of the colonial tariff system increased. These reductions of duties include in their effect: (1) All the products of the assimilated colonies except such raw materials as are admitted to France free even under the general tariff; (2) such products of the nonassimilated colonies as are admitted at rates lower than the present minimum tariff; and (3) the French goods admitted free in the assimilated and special régime colonies in so far as duties are levied on similar foreign goods. The rule of direct transportation does not apply to products which are in any case free according to the general tariff or which are imported from the nonassimilated colonies and on which there is in the tariff schedules only a single rate of duty; nor does it apply to French goods carried to the open-door colonies. Similarly the rule that French ships must be used in bringing imports from Tunis does not apply to the goods which are admitted free or at a single rate of duty regardless of origin.

The trade between France and Algeria was restricted to French ships by a law of April 2, 1889, but this may be regarded as an extension of much older laws reserving the coasting trade of France to French vessels.

MODIFICATIONS OF THE SYSTEM SINCE 1892.

Changes in classification.—It was expected in 1892 that all the colonies would be assimilated eventually, but only two such changes have been made since that date, the Comoro Islands in 1896 and Madagascar in 1897. The Comoro Islands have since been annexed to Madagascar. Tunis has been given a tariff the provisions of which bring the protectorate practically within the assimilated group, but has never been declared assimilated. The only other change has been in the opposite direction—the colony of St. Pierre and Miquelon has been disassimilated and given a special tariff.

Changes in procedure of tariff making.—When the French tariff law was revised in 1910 there was inserted a special provision against the automatic incorporation of the new French rates in the colonial tariffs, but the object of the law was not to force the creation of separate colonial tariffs, but to compel special (revisory) consideration of the colonial rates. There was in 1910 no general reconsideration of the colonial rates, and there was no revision of the colonial duties on articles on which the French rates had not been changed. The decrees of June 30, 1911, which finally applied the law to the colonies, made a few exceptions from the new rates, exceptions which have been described as "insignificant ameliorations in the revised tariff."?

Certain changes have been made in the method of formulating the executive decrees which fix special tariff rates in the assimilated

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34 It does not apply because the law provides no reduction of duty and the tariff provides no penalty in the form of higher rates, but in some instances there is a surtax for indirect importation. See Table C of the tariff.
35 The Tunisian decree of 1896 extending special rates or exemption from duty to many French products stipulated direct transportation.
37 Law of Nov. 11, 1912; decree of Apr. 23, 1914.
colonies, and in the method of confirming the consumption duties in all of the colonies. Articles 3 and 6 of the law of 1892 provided that decrees for these two purposes should be made on the report of the minister of commerce, industry, and the colonies. When the colonies were given a separate ministry (1894), this function devolved on it, though it was necessary to consult in advance the ministers of commerce and industry. This left the minister of the colonies, on whom the final responsibility rested, in a position to "brush aside the opposition of his colleagues and even the conclusions of the Council of State."

Later legislation has differentiated the making of these decrees. The tariff revision law of 1910 specifies that the decrees which fix special colonial tariff rates shall be made on the proposal of the ministers of commerce, of finance, and of the colonies. From this it follows that, "an agreement must be reached by the three administrations concerned." If this understanding is not effected there can be no action; accordingly it follows that each of the three ministers enjoys practically a veto upon the demands of the colonies. The granting of special rates has thus become more difficult and the procedure of the initiation of such rates has become much slower.39

On the other hand, by the law of April 13, 1900, decrees to confirm the levying of consumption duties in the colonies were to be issued by the Council of State, but no minister in particular was named. This law also took from the colonial governor the power of enforcing these duties provisionally before their approval by the Council of State. Under this procedure, resolutions of the colonial councils have frequently been refused confirmation, either as to the articles proposed for taxation or as to the rate or duration of the tax. In 1916, however, the power of the colonial minister in respect of these decrees was restored and increased. The councils general of the colonies determine the method of levying and the rules of collection of the taxes and imposts other than customs duties, but these do not become operative until they have been approved by the Council of State. The rates, however, come into force automatically after a certain delay, and unless the Council of State at the instance of the minister of the colonies has disapproved them, and the minister may expedite the process of their going into operation by renouncing his right of requiring that they go before the Council of State for consideration. Thus if the minister approves of the rates, the Council is not given an opportunity to disapprove of them; but if the minister disapproves, the Council may approve and the rates go into effect. In a word, they go into effect with the approval either of the minister or of the Council.

These changes do not affect the manner of making the other decrees found in the colonial system, namely, those which grant special exemptions from the French tariff to products of the nonassimilated colonies, and the simple decrees which fix the quantities admitted at such exemptions. However, the sphere in which decrees operate has been extended somewhat. The law of 1900 empowered the Council of State to determine the customs rates to be applied in France or in the colonies to products of the New Hebrides grown or manufactured

by French colonists. This power has been applied in the same way as that conferred by the law of 1892 in regard to products of the nonassimilated colonies entering France. The Council of State determines what products shall be so admitted, what the rates shall be, and whether the quantity so admitted shall be limited or unlimited. If the quantity is limited, as it usually is, the Council specifies in each case that the amount to be admitted each year shall be fixed annually by simple decree on the advice of certain ministers designated. These ministers are usually those of finance and of the colonies; and they are usually required to act on the basis of official statistics furnished by colonial governors or after taking the advice of the ministers of commerce and agriculture. Doubtless the Council might keep in its own hands the determination of these amounts annually, or it might fix the amount for a number of years in advance.

Simple decrees issued in accordance with a law of 1909 fix for three years at a time the quantities of Indo-Chinese pepper to be admitted annually at the rate fixed in Table E of the tariff. A law of 1904, however, set a definite limit to the amounts of yarn and longcloth of French India which were to enter the other colonies free each year.

Changes in treatment of intercolonial trade.—The rule of freedom of intercolonial trade has been modified since 1892 by the establishing of one exception. Owing to the difficulty of establishing the origin of the goods, the products of French India, other than limited quantities of longcloth and yarn, have been required, beginning in 1904, to pay the minimum duties when entering the assimilated colonies and to pay whatever duties are found there when entering the non-assimilated colonies. In France such longcloth continues to enter free, by specific provision of the law of 1892.

The freedom of trade within the Empire was further restricted by a redefinition. The law of 1892, in providing that intercolonial trade should be free, failed to specify whether Algeria was a "colony" within the meaning of the clause. The council of state took the position that it was a colony, and that trade between Algeria and the colonies should be free. The tariff law of April 8, 1900, reversed this, but with the provision in general that colonial products should enter Algeria on terms the same as those on which they enter France. This made no change as regards those products of the assimilated colonies which enter France free, but it established the requirement that the products specified in Table E pay the duties there listed, and that products from nonassimilated colonies pay the minimum duties.41

Changes in rates and preferences.—Numerous changes have been made in the rates and preferences established in the general tariff law of 1892. Of these changes, two especially should be noted. In the first place, a number of products of assimilated colonies which were denied free entry into France under the law of 1892 have since been accorded this favor, and, secondly, the increase in the French tariff under the law of 1910 has added to the preference given both to the assimilated and to the nonassimilated colonies. Changes in colonial export duties have likewise affected colonial preferences.

40 Or corresponding officials.
41 No legislation was required regarding exports from Algeria to the colonies, for Algerian products would enter the assimilated and the special regime colonies free of customs duty whether Algeria were classed as a colony or as part of France; while similarly, in either case, Algerian products entering the open-door colonies would pay the charges levied on goods of all origins.
The law of 1892 contained important exceptions to the rule that products of the assimilated colonies should enter France free. These exceptions were listed in Table E annexed to the tariff law. According to this table, sugar and sugared products were to pay the rates of the metropolitan tariff; and the other articles specified were to pay one-half of the rates of that tariff. These other articles were tea, coffee, cocoa, chocolate, pepper, vanilla, allspice, cloves, nutmeg, mace, cassia lignea, amomums, and cardamoms. This list obviously includes some of the most important colonial exports; but it was felt to be fiscally impossible to sweep away these duties, and it was necessary to maintain upon colonial sugar the same burdens as were borne by the domestic product. Further favors granted to colonial sugars, except the rebate to cover freight charges, had to be reduced after the Brussels sugar convention of 1902. On the other articles on the list the preferences were maintained until January 1, 1914, when free entry was accorded to all these colonial exports except sugar, sugared products, and pepper. The increase in the "surtax" on sugar, effective from June 10, 1920, has increased the differential in favor of colonial sugars to 14 francs per 100 kilograms.

The law of 1910 increased the French tariff, and therefore increased the advantage of the French producer in the market of the assimilated colonies. It equally increased the advantage of producers of the assimilated colonies in the French market, in so far as the rates were increased on goods which they exported. To the same extent, for the first time, a general advantage was accorded by law to the non-assimilated colonies generally. Their products continue to pay the minimum tariff, but until a decree shall have been issued to the contrary, it is the old minimum rates that they pay and not the increases under the law of 1910. Meanwhile they benefit by any decreases made by this law; and the decree to impose on their products the increased rates has not been issued. The preferences accorded to the colonies in the French markets have thus tended to increase, but slowly.

In the special tariffs of the assimilated colonies, while various articles have been added to the free list, the general tendency of the customs duties has been toward increases; but the same is true of the consumption duties, where the increases are usually, if not always, due to increased fiscal demands. There have been some further export duties imposed, but striking decreases have been made in Tunis, Indo-China, Madagascar, and Equatorial and West Africa. Export duties are still levied, however, in all the colonies except French India and St. Pierre and Miquelon, and they usually fall on the most important products.

Changes since 1914: The French legislature authorized the executive during the War to prohibit the importation of foreign merchandise or to increase import duties. During the period of hostilities trade was controlled chiefly through prohibitions upon importations and exportations except as the trade was licensed. Most, if

43 But not the "surtax."
44 In accordance with the provision of that convention that no protection or preferences on sugars should exceed 6 francs per 100 kilograms for refined sugar or 5 francs 50 centimes for other sugars. A duty at these rates was imposed on all foreign sugars, but was designated a surtax. See p. 168.
45 But the rate on coffee was reduced in 1900 and the rate on pepper raised in 1903.
not all, of the French lists of prohibited articles applied also to Algeria. Similar or identical lists were proclaimed in Tunis and in the colonies proper. It may be noted that the law did not authorize the prohibition of the importation of products of the French colonies and the trade between France and the colonies and the intercolonial trade suffered few restrictions. The colonies provided chiefly raw materials and it was the policy of France not to hinder their development more than was absolutely necessary. Throughout the war the development of the French zone in Morrocco was vigorously continued. In the reconstruction period the embargoes upon exports have been continued and even extended. Thus the decree of October 14, 1919, prohibited the exportation from the French colonies to destinations other than France or French colonies of those articles whose exportation from France had been prohibited by decrees of July 12 and August 28.

In the reconstruction period, France has relied upon import duties somewhat more than upon prohibitions for the restriction of imports. The prohibitions were generally removed in June and July, 1919, when increased duties had already been announced. These increases took the form at first of ad valorem surtaxes, the highest rates being under the minimum tariff, 20 per cent, and under the general tariff, 40 per cent ad valorem. This system was found unsatisfactory, particularly as the customs authorities were unaccustomed to dealing with ad valorem duties, and in July, 1919, the ad valorem surtaxes were abolished and in their place a system of "coefficients of increase" was introduced. The coefficients varied from 1.1 to 3, and by multiplying the old specific rates of the French schedules by these coefficients new specific duties were obtained corresponding to new price levels. Under this law increases of duty were limited to 200 per cent. Neither the ad valorem surtaxes nor coefficients of increase were applied to the first two hundred items as numbered in the French schedules—animals and animal products, vegetable products, and crude mineral substances—with the exception of wool and slate. As the trade balance continued heavily against France, in April, 1920, prohibitions of importations were restored upon about 175 articles of luxury and when this list was largely repealed in July new duties were proclaimed for many articles, imposed by the use of coefficients which ran as high as 7.1, and even larger ones have since appeared.

47 According to a statement of the minister of the colonies, the colonies provided 1,600,000 tons of materials available for war purposes.
48 The French decrees did not include Tunis, Morocco, and the New Hebrides, which are not subject to the colonial ministry, but the measures taken by the French Government for the control of the trade have been regularly and faithfully reflected in those of the Protectorate of Tunis, and this has been almost equally true of Morocco.
49 Except beet root.
50 Board of Trade Journal, Nov. 13, 1919, p. 605. The list included oleaginous seeds and nuts and vegetable oils, and the measure has been cited as a reply to the differential duty on palm kernels exported from British West Africa; but the decree of Feb. 1, 1921, left practically nothing on the list except sugar and precious metals.
51 Decree of June 13 and July 7.
52 Decree of July 8, 1919, ratified by law of Jan. 9, 1920. The ad valorem surtaxes had been imposed by decree of June 14 and became effective June 20. Ad valorem duties have been exceptional in the French tariff, but even since the abolition of these surtaxes further ad valorem duties have been imposed in certain instances. For instance the decree of Aug. 20, 1920, imposed 35 per cent ad valorem on pianos, organs and manuf. pianos and 25 per cent on pianographs and their records (Commerce Reports, Sept. 8, 1920.)
53 Commerce Reports, Aug. 4, 1919, p. 708.
55 In the year July, 1919, at July, 1920, there had been many increases of rates which need not be mentioned separately. The chemical schedule was revised by law of Nov. 7, 1919, and numerous decrees increased various rates by increasing the coefficients, e.g., Mar. 27 and Apr. 12, 14, and 21, 1920. A few items were given lower coefficients from time to time, but the general tendency was decidedly toward the increase of the coefficients to the maximum of 3. Decrees increasing the coefficients have continued to appear—e.g., the coefficient 10 appears half a dozen times in the decree of June 29, 1921. (B. T. J., July 14.)

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A decree of March 28, 1921, made sweeping increases in the rates of the French general (maximum) tariff. While the maximum rates had previously in no case exceeded the minimum rates by more than 100 per cent, now many of them are greater by 300 per cent. These increases affect practically the whole of the French tariff schedules after the first 109 items.  

Throughout the period of rapid readjustments of tariff rates in France, the new rates have been made effective in the assimilated colonies in only a few cases and with considerable delay. Algeria is practically always included in the tariff laws or decrees of France, but the only other colonies to which, up to October, 1921, the new rates appear to have been made applicable are Indo-China, Madagascar, Tunis, and Guadeloupe. In Madagascar the coefficients of increase of July 8 and the chemical schedule of November 7, 1919, the coefficients of January 10 and February 3, 1920, and the maximum rates decreed on March 23, 1921, have been put in force.  

In Indo-China the system of coefficients was introduced by decree of January 13, 1920, and a decree of July 17, 1920, made effective the modifications and extensions contained in eight French decrees beginning with that of January 10 and ending with that of April 22, 1920. In Guadeloupe from October 1, 1920, imports were held liable to the payment of duty as increased by the French coefficients, except for the articles listed in the colony's special tariff. In Tunis the new maximum rates were decreed in June, 1921.

**Present system (summary).**

The diagram on page 157 presents the French colonial tariff system in its general outlines, with the enumeration of the colonies falling into each tariff class. Most of the statements on the diagram are subject to exceptions, as may be seen from the more extended discussions in the text of the report or even from the summary contained in the next two pages. The reader who is interested in the general tariff policy rather than in the details of its application in single colonies or groups of colonies will find that the subject has been treated in Part III, of which the following paragraphs are a brief summary. The reader who is interested in the treaty system of Morocco, the rates of the consumption duties in French Guiana, the transfer of St. Pierre and Miquelon from the class of assimilated to that of nonassimilated colonies, or other matters relating primarily to individual colonies, will find the details in Part IV of Chapter III.

The following diagram summarizes roughly the French colonial tariff system:

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56 B. I. d., 13th Sup. to No. 22 (3rd ed.), pp. 4 to 50, incl. The only schedules in which this decree made no changes are I. III, VI, and VIII—live animals, fish, farmaceous foods, and colonial products respectively.  

57 The decree of July 8, 1919, was published in the Journal Officiel of Madagascar for Sept. 20, and the chemical schedule of November, 1919, was not introduced until March 1920. (Board of Trade Journal, April 8, 1920, p. 495.) The ad valorem rates of June, 1919, had been applied in Madagascar on Aug. 30, 19, a month and a half after the system had been abandoned in France. The Journal Officiel of June 4, 1921, proclaimed the applicability of the French decree of Mar. 28.

58 The decree of Jan. 15, 1920, put in force the provisions of the French decree of July 8, 1919, as modified by decrees of Sept. 28 and Oct. 4, and by the law of Nov. 9, 1919 (the chemical schedule). The decree of July 17, 1920, also reduced the duty on motor cars weighing less than 2,500 kilograms from 70 per cent to 45 per cent as had been done in France by decree of Dec. 15, 1919. This decree further applied the coefficients to the special rates of the Indo-Chinese schedules on manufactured tobacco and matches, the coefficient 3 to certain cotton yarns, and other coefficients of from 2 to 6 on other articles on the special tariff. (Board of Trade Journal, Apr. 12, and the Times Trade Supplement, Aug. 21, 1920.)

59 See the Board of Trade Journal, Oct. 16, 1919, p. 495, for a discussion of the effect of the rise in the value of silver and the depreciation of the franc upon the customs duty of Indo-China. The conclusion is that specific rates which before the war had been equal to a duty of 40 per cent ad valorem were equivalent in the fall of 1919 to from 12 to 17 per cent ad valorem. The depreciation of the franc used in this estimate was, of course, its depreciation in terms of pounds sterling. American merchants feared the decrease in the duty even greater.
<table>
<thead>
<tr>
<th>Customs duties.</th>
<th>All colonies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>French products.</td>
<td>Enter free of customs duty.</td>
</tr>
<tr>
<td>French colonial products.</td>
<td>Enter free of customs duty.</td>
</tr>
<tr>
<td>French products.</td>
<td>Enter free of customs duty.</td>
</tr>
<tr>
<td>French colonial products.</td>
<td>Enter free of customs duty.</td>
</tr>
<tr>
<td>Foreign products.</td>
<td>Nondiscriminatory.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumption duties.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay the consumption duties equally in both France and the colonies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export duties.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedules initiated locally, and decreed by the Council of State.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exports to France.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay the minimum tariff with some special reductions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assimilated colonies.</th>
<th>Nonassimilated colonies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enter free, with exceptions.</td>
<td>Special régime colonies.</td>
</tr>
<tr>
<td>French schedules, with exceptions decreed by the Council of State.</td>
<td>Different for each colony, decreed by the Council of State.</td>
</tr>
<tr>
<td>All trade in both directions except in articles on general free lists.</td>
<td>Imports from France except those on the general free lists.</td>
</tr>
<tr>
<td></td>
<td>Exports to France except those on which the general and minimum rates are the same.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Algeria, most closely, 1884.</td>
<td>Morocco, 1880, 1906, 1912.</td>
</tr>
<tr>
<td>Indo-China, 1887.</td>
<td>Somaliand.</td>
</tr>
<tr>
<td>Tunis, partially, 1890, 1898.</td>
<td>Dahomey and the Ivory Coast, 1898.</td>
</tr>
<tr>
<td>Madagascar, 1897.</td>
<td>French India.</td>
</tr>
<tr>
<td>Reunion, 1892.</td>
<td>Equatorial Africa, 1885, 1919.</td>
</tr>
<tr>
<td>Martinique, 1892.</td>
<td></td>
</tr>
<tr>
<td>Guadeloupe, 1892.</td>
<td></td>
</tr>
<tr>
<td>New Caledonia, 1892.</td>
<td></td>
</tr>
<tr>
<td>Guiana, 1892.</td>
<td></td>
</tr>
<tr>
<td>Gaboon, 1892.</td>
<td></td>
</tr>
<tr>
<td>St. Pierre and Miquelon.</td>
<td></td>
</tr>
</tbody>
</table>
The French colonies are divided by law into two classes, assimilated and nonassimilated; and according to tariff practice into three classes, assimilated, open-door, and special régime colonies.

The assimilated colonies are French Indo-China, Madagascar, Gaboon, Reunion, Guiana, New Caledonia, Guadeloupe, and Martinique. Algeria, even more closely assimilated than the regions just mentioned, is not a colony. The Protectorate of Tunis is not by law an assimilated colony but the rates of its tariff are such that it falls in tariff classification there rather than among the special régime colonies. The assimilated colonies have the same tariff on foreign goods as has France, except for reductions decreed by the French Council of State, and they have free trade with France except that their sugar and pepper pay special rates lower than those on any similar foreign product.

The open-door colonies are Morocco, Equatorial Africa (with the exception of part of Gaboon), Dahomey, and the Ivory Coast—in which limited duties, not always called customs duties, are collected and the open door is guaranteed by treaty; and Somaliland, Kwangchow Wan (the French leased territory in China) and the French establishments in India. In these open-door colonies there are very low rates with the absence of duties in many cases and there is no discrimination against foreign trade. The Anglo-French Condominium of the New Hebrides also has a limited tariff containing no discriminations.

The special régime colonies are French Oceania, West Africa, excluding Dahomey and the Ivory Coast, and St. Pierre and Miquelon. They have tariffs decreed for them individually by the Council of State. The rates are lower than the French rates and fall only on foreign goods.

The products both of the open-door and of the special-régime colonies pay when entering France the rates of the minimum tariff.58

The tariffs of the assimilated colonies are made by the French legislature in the enacting of the national tariff.60 The tariffs of the nonassimilated colonies are decreed by the Council of State, which also determines special reductions or exemptions for the goods of those colonies on entering France.

Intercolonial trade is free, except that upon products of French India imported into other colonies the payment of duties is required, except upon limited quantities of longcloth and yarn.

In Equatorial Africa, Dahomey, and the Ivory Coast, previous to 1911, the only duty imposed was called the droit d'importation and this was levied on goods of all origins alike. Since 1911 in Equatorial Africa, and for a much longer period in all the other colonies, there have been additional charges on importation called octrois de mer and droits de consommation. These also are levied on goods of all origins.

With the exceptions of French India, and St. Pierre and Miquelon, all the colonies have also export duties; and these duties are collected alike on goods for all destinations—except in Indo-China, where most products bound for France are exempted.

58 With the exceptions that the increases of 1910 have not been put into effect in reference to them and that one or more of their products in most cases have been granted special reductions or exemptions, in limited quantities at least, in the French market.
59 But changes in schedules enacted in the French tariff law do not apply in the assimilated colonies until a special decree has been issued to that effect.
Carriage in French ships is required for the trade between Algeria and France and for practically all the imports from Tunis. All other goods are entitled to preferential treatment in France or in Tunis or the other colonies only if carried "directly" from their places of origin.

The differential features.—Preferences in the colonies: In the assimilated colonies, which include most of those which are important, the high protective tariff of France is applied with some reductions, relatively few, decreed by the French Council of State. These customs duties are discriminatory to the full extent of their amount, as they are levied in full on foreign products and are not levied at all on French and French colonial products.

In the special régime colonies the percentage of discrimination in favor of French goods is equally great, but the absolute amount of discrimination is less, since the rates of the special (individual) tariffs are lower than those of the French tariff. However, this 100 per cent discrimination applies only to the customs duties, and in all of these colonies there are levied additional duties which fall equally on a longer or shorter list of goods regardless of origin, so that many French products pay imposts which are often considerable. To generalize roughly, these charges on French goods amount usually to less than one-half of the total charges levied on foreign goods, i.e., the octroi de mer and other consumption duties are generally less in amount than are the customs duties.

In the open-door colonies there are no tariff discriminations. The trade of these colonies in the period 1909-1913 was 15.75 per cent of the total colonial trade, excluding that of Algeria.

With one exception, the comparatively important export duties of Indo-China are not levied on exports to France. The special advantages which France enjoys in the assimilated and special régime colonies are enjoyed equally by all the French colonies except French India.

Preferences in France: In the French market the assimilated colonies enjoy a preference of the full amount of the tariff, except that on sugars and peppers the preferences are less, about one-fifth on the former and one-third on the latter. These preferences to the colonies are the more important because "a great number of rates in that [the French] tariff are fixed solely for the benefit of the colonies." The open-door and special régime colonies receive a preference in the French market on sugars, and some of their products receive reductions or exemptions. The increases of the minimum tariff rates, enacted in 1910, have not yet been applied to the products of these colonies. Colonial exports are exempt from the sales tax of 1920.

Preferences to French shipping: As to navigation, French ships must be used in all trade between France and Algeria. The same rule also applies to goods imported from Tunis and enjoying tariff favors in France. In all other cases preferential treatment is made conditional, in France and in the colonies, on direct transportation. The direct transportation may be in French or on foreign ships. "Direct" is not in all cases construed strictly, and during the war preferences to French shipping were relaxed or suspended.

Doubtless other factors contribute, but that these restrictions are not without effect is strongly evidenced by the figures presented in

41 But not including some of importance. See p. 71.
43 By law.
44 By decree. See p. 195.
the Tableau Général du Commerce et de la Navigation published by the French customs administration.

First of all, foreign vessels are wholly excluded from the Algerian trade with France. In 1913 this trade amounted to 9,300,000 metric quintals from France to Algeria and almost 11,000,000 quintals in the opposite direction. The trade between France and all other colonies except Morocco was 27,750,000 quintals, so that this law deprived foreign vessels of all chance to compete in a trade which is almost four-ninths \(^6\) of the total colonial trade with France as measured by weight.

Secondly, French vessels carried (in 1913) from France to the colonies, including Tunis but not Algeria or Morocco, 6,700,000 quintals as compared with 460,000 carried in foreign vessels. As foreign vessels carried only 6.42 per cent of the total it appears without further analysis that they were not greatly benefited by the fact that the rule of direct importation did not apply to all the goods carried.

Thirdly, French vessels brought in 1913 from the French colonies, again excluding Algeria and Morocco, 10,110,000 quintals, while foreign vessels brought 8,423,000. These figures in the gross show that foreign ships had nearly one-half of this inward carrying trade, in spite of the French restriction. But it must be remembered that the restriction regarding direct importation does not apply to all the goods brought from the colonies. It applies only to goods which claim the benefit of reduced tariff rates. A product of an assimilated colony can receive no favor when similar products from other places enter free. A product of a nonassimilated colony entering France at the minimum rate can receive no favor if the tariff provides only that one rate for that product of no matter what origin. Such goods, therefore, may stop at any and all ports and still enter free or at the minimum duty as the case may be. The so-called warehousing surtaxes of Table D of the French tariff apply to these products only if they have been discharged in a European port.

Scrutiny of the returns of the imports brought in 1913 by foreign vessels from the colonies to France, discloses that five-sevenths of the total 8,423,000 quintals consisted of articles to which the rule of direct transportation does not apply; and that foreign vessels were practically excluded from transhipping to France colonial products to which the rule does apply, with the exception of rice and cereals from Indo-China and sugar from Martinique and Guadeloupe. The tables do not show whether in these cases the foreign vessels made the transportation direct or whether the additional duty was paid; nor do they show whether the importation in foreign vessels of stones and earths from Tunis, an item that accounts for nearly one-half the weight imported in foreign vessels, was indirect; i.e., whether the rule of direct transportation if applied to these articles would in any degree affect adversely the carrying trade of foreign vessels. The tables do show, however, that the 18,533,000 quintals of total imports to France from the colonies, excluding Algeria and Morocco, may be divided into three large classes. The first consists of articles to which the rule of direct transportation does not apply, and it includes more than one-half by weight of the total importation. In this class—taking indeed only the larger items—foreign vessels brought 5,830,000

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\(^6\) But, of course, this fraction would be greatly reduced if the figures for ton-miles could be used, and even that reduction would not represent accurately the relative profit in carrying the trade.
quintals while French vessels brought 4,185,000, making a proportion of four to three in favor of the foreign vessels.

The second class, including one-fifth of the total, is made up of the few items to which the rule applies but where foreign vessels have shown themselves able to compete—rice and cereals from Indo-China, and sugar from the Antilles. Of this trade, the foreign vessels carried 2,393,000 quintals, while French ships brought 1,512,000 quintals, a proportion of three to two, again in favor of the foreign ships.

The third class comprises the rest of the trade—mainly trade to which the rule applies, but including minor items which on closer analysis might go into class 1 and further items which lose their identity in the tables under the heading "all other articles." It will be observed that the trade of many of the colonies falls wholly in this class. A it the foreign vessels share to the extent of 200,000 quintals, while French vessels carry the bulk, 4,413,000 quintals. Foreign vessels carry 4.5 per cent of this trade.

To conclude, in classes 1 and 2, where the foreign vessels can compete, they have 59 per cent of the carrying trade. In the third class, to which may be added the whole of the export trade to the colonies, their share is not much over 5 per cent.

Table 3 gives the figures upon which these conclusions are based. The line drawn below the item raw hides from Indo-China indicates the end of class I. The totals to that point in the columns "selected products" are 5,830,000 and 4,185,000; the four remaining items in those columns form class II and total 2,393,000 and 1,512,000.

**Table 3.—Imports by weight of colonial products into France in French and foreign vessels, 1913.**

<table>
<thead>
<tr>
<th>Colonies of origin—selected products.</th>
<th>Thousands of metric quintals imported into France in 1913.</th>
<th>Rate of French tariff per 100 kilograms.</th>
<th>In foreign vessels.</th>
<th>In French vessels.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total of all products.</td>
<td>Selected products.</td>
<td>Total of all products.</td>
<td>Selected products.</td>
</tr>
<tr>
<td>Tunis.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stone, sand, and earths used in arts and trades.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reeds, esparto, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senegal.</td>
<td>3,820</td>
<td>2,702</td>
<td>4,946</td>
<td>3,268</td>
</tr>
<tr>
<td>Oil seeds and fruits.</td>
<td>Mostly free.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West and Central Africa, excluding Senegal.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil seeds and fruits.</td>
<td>Free.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exotic woods.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>French India.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil seeds and fruits.</td>
<td>Free or with single rate of duty.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizers.</td>
<td>Mostly free.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indo-China.</td>
<td>2,027</td>
<td>1,582</td>
<td>1,512</td>
<td>40</td>
</tr>
<tr>
<td>Oil seeds and fruits.</td>
<td>Free or with single rate of duty.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exotic woods.</td>
<td>Mostly free.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common woods.</td>
<td>Some free.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw hides.</td>
<td>Free.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6, 8 francs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 to 7 francs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Martingale.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar.</td>
<td>Refined, 6 francs; other, 5.50 (surtax).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guadeloupe.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar.</td>
<td>Refined, 6 francs; other, 5.50 (surtax).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total selected products.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other products.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total selected colonies.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All products of other colonies.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, by nationality of vessels.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Excluding Algeria and Morocco.
IV.—Tariffs of the Colonies, in Groups and Individually.

[Those not wishing to follow the detailed discussion of French tariff policy as applied in the separate French colonies should pass over pp. 162-223, inclusive. They were prepared for detailed study, not for the general reader. But see summaries on pages 168, 183, 191, and 196.]

A. ASSIMILATED-COLONIES AND TERRITORIES.

X. (A) Colonies Proper: Indo-China, Madagascar, Martinique, Reunion, Guadeloupe, New Caledonia, Guiana, Gaboon.

The assimilated possessions of France, having the French tariff schedules with relatively few exceptions, necessarily have practically indentical tariffs. It will therefore be advantageous to discuss collectively the tariff systems of Indo-China, Madagascar, Martinique, Reunion, Guadeloupe, New Caledonia, Guiana, and Gaboon. But Algeria and Tunis differ from the assimilated colonies, strictly so called, in respect to the basis or the degree of their assimilation and require separate consideration, though, for purposes of comparison, figures relating to them are entered in Tables 4, 5, and 6.

Commercial importance.—It may be seen from Table 4 that the trade of the assimilated colonies is of much more importance than that of the nonassimilated. For the five-year period, 1899-1903, the total trade of the French colonies amounted to 1,558.1 millions of francs, while the trade of the assimilated colonies totaled 1,289.4 millions, or 81.1 per cent of the whole. For the five-year period, 1909-1913, the trade of the assimilated colonies amounted to 2,143 millions of francs out of a total of 2,805 millions, or 76.4 per cent of the total. I. e., the commercial development of the assimilated was not keeping pace with that of the nonassimilated colonies. If we leave out of account Algeria, as not being in French eyes a colony, the commercial importance of the remaining assimilated colonies shrinks by nearly one-half. And since France enjoys a greater share of the trade of Algeria than of any other of her colonies, her trade with the assimilated colonies would be decreased by over three-fifths by omitting Algeria from that classification.

France's share of the trade of the assimilated and special régime colonies is as a rule much larger than her share of that of the open-door colonies. Among the assimilated colonies, Indo-China is a notable exception. In 1910 only 27.7 per cent of Indo-China's total trade was with the mother country, and 1.7 per cent with other French colonies, while 70.6 per cent was with foreign countries. In 1913 the percentages were 28.4, 1.5, and 70.1; but of the imports of Indo-China, 35 per cent came from France. Less important exceptions are New Caledonia and Oceania. All three exceptions are due to obvious geographical influences. Among the open-door colonies, the French share of the trade of Morocco barely attained 50 per cent in 1913. The rapid increase in Moroccan trade is seen to consist mainly of imports, and the increase in the French share of this trade is due largely to the activity of the French Government in organizing and developing the country.

45 Guadeloupe had a higher percentage in 1910, but see the figures for 1913, p. 139.
46 See table 2, p. 139.
47 Table 4 shows Equatorial Africa as trading to the extent of more than 50 per cent with France; but see Table 2, p. 139.
TABLE 4.—Trade and population of French colonies classified according to their custom systems.

<table>
<thead>
<tr>
<th>French colonies</th>
<th>Average total annual trade, 1889-1893 (in millions of francs)</th>
<th>Percentage of total trade in 1910</th>
<th>Total population (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average total annual trade, 1909-1913 (in millions of francs)</td>
<td>With France.</td>
<td>With French colonies.</td>
</tr>
<tr>
<td>Assimilated colonies:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Algeria</td>
<td>634.0</td>
<td>1,051.0</td>
<td>78.4</td>
</tr>
<tr>
<td>Indo-China</td>
<td>291.6</td>
<td>546.2</td>
<td>27.7</td>
</tr>
<tr>
<td>Tunisia</td>
<td>113.3</td>
<td>267.9</td>
<td>52.5</td>
</tr>
<tr>
<td>Madagascar</td>
<td>51.6</td>
<td>90.3</td>
<td>72.1</td>
</tr>
<tr>
<td>Martinique</td>
<td>46.6</td>
<td>46.2</td>
<td>78.3</td>
</tr>
<tr>
<td>Reunion</td>
<td>37.6</td>
<td>38.4</td>
<td>71.8</td>
</tr>
<tr>
<td>Guadeloupe</td>
<td>35.1</td>
<td>38.1</td>
<td>82.3</td>
</tr>
<tr>
<td>New Caledonia</td>
<td>22.8</td>
<td>23.9</td>
<td>43.1</td>
</tr>
<tr>
<td>French Guiana</td>
<td>285.5</td>
<td>23.7</td>
<td>60.0</td>
</tr>
<tr>
<td>Gaboon</td>
<td>9.3</td>
<td>15.3</td>
<td>45.2</td>
</tr>
<tr>
<td>Total</td>
<td>1,289.4</td>
<td>2,143.0</td>
<td>328,896</td>
</tr>
<tr>
<td>Open-door colonies:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morocco</td>
<td>89.8</td>
<td>226.0</td>
<td>41.7</td>
</tr>
<tr>
<td>Dahomey</td>
<td>39.4</td>
<td>68.9</td>
<td>23.6</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>French Somaliland</td>
<td>12.6</td>
<td>63.4</td>
<td>17.4</td>
</tr>
<tr>
<td>French India</td>
<td>341.9</td>
<td>46.6</td>
<td>32.3</td>
</tr>
<tr>
<td>Equatorial Africa</td>
<td>7.6</td>
<td>29.7</td>
<td>37.2</td>
</tr>
<tr>
<td>New Hebrides</td>
<td>6.5</td>
<td>6.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Total</td>
<td>174.3</td>
<td>443.1</td>
<td>13,274</td>
</tr>
<tr>
<td>Special régime colonies:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Africa</td>
<td>34.8</td>
<td>191.5</td>
<td>57.6</td>
</tr>
<tr>
<td>French Oceania</td>
<td>7.6</td>
<td>14.8</td>
<td>11.3</td>
</tr>
<tr>
<td>St. Pierre and Miquelon</td>
<td>22.1</td>
<td>12.8</td>
<td>62.3</td>
</tr>
<tr>
<td>Total</td>
<td>124.1</td>
<td>218.9</td>
<td>9,291</td>
</tr>
<tr>
<td>Grand total</td>
<td>1,588.1</td>
<td>2,805.0</td>
<td>55,461</td>
</tr>
</tbody>
</table>

1 Statistiques Coloniales, 1905 and 1914. Other sources for the figures for Algeria, Tunis, Morocco, Dahomey, and the Ivory Coast, and Gaboon.
3 Gaboon includes much territory that is not assimilated.
4 Figures for the whole empire, which was divided in 1912 into French and Spanish zones.
5 Excluding Gaboon.
7 Excluding Dahomey and the Ivory Coast.
8 The grand total for the colonies may be compared with the total general commerce of France which averaged for the years 1899-1913 nearly 18,000,000,000 francs. France imported from her colonies in 1899-1903 an average of 8.12 per cent of her imports and in 1909-1913, 9.28 per cent. She exported to the colonies in 1899-1909, 10.47 per cent of her exports and in 1909-1913, 10.92 per cent. In 1913, 44.68 per cent of the colonial imports were French or French colonial products and 43.1 per cent of the exported produce of the colonies was exported to France or to French colonies. See Girault, op. cit., pp. 162-165, for comments on the trustworthiness of the colonial statistics.

TARIF HISTORY.

Inauguration of differential tariffs in the colonies.—The protectionist movement of the eighties led to the imposition of differential tariffs in various colonies. The tariff of Algeria was assimilated to that of France in 1884 and Indo-China in 1887. Of the other colonies whose tariffs were later assimilated in law or in fact Madagascar had not yet been annexed and Tunis was still under the restrictions of most-favored-nation treaties, but the others except New Caledonia either accepted or were given new tariffs discriminating against foreign goods. The councils of Guadeloupe, Martinique, and Re-
 union were (in 1884 and 1885) induced by threats and promises to vote new duties on foreign goods. As a reward for their compliance a rebate of 12 per cent of the French tariff was granted to colonial sugars and seven francs per 100 kilograms was added to the rate on foreign sugars. Of the other colonies, whose councils had received no power of making tariffs, Indo-China, Gaboon, Guiana, and St. Pierre and Miquelon were given differential tariffs. All merchandise was to pay duties in Gabon, but French goods were granted a rebate of 20 per cent in 1883, 60 per cent in 1884, and—except alcohol and arms—100 per cent from January 1, 1891. French goods entering Indo-China were granted in 1886 a rebate of one-half of the duties—which were generally at the rate of 5 per cent. In St. Pierre and Miquelon a previous tariff was restored in 1889 and in the following year in Guiana a new charge of 4 per cent for foreign goods was added to the general rate of 3 per cent previously levied on all goods, including French.

Assimilation of tariffs under the law of 1892.—Under the law of January 11, 1892, the tariffs of Indo-China, Martinique, Reunion, Guadeloupe, New Caledonia, Guiana, and Gaboon were assimilated to that of France. From that date these colonies have had free trade with each other and with France and have presented the French tariff as a barrier to the trade of the outside world. The Comoro Islands were added in 1896 to the list of assimilated colonies; and Madagascar was added in 1897. All of the colonies assimilated in 1892 except New Caledonia already had tariffs which discriminated in favor of French goods, but now the amount of preference was increased. The rates of the French tariff had been used sparingly hitherto in the colonies; the usual rates were 4, 6, or 10 per cent, while there were a few as high as 15 or 20 per cent. But now the full French rates—at that very time being revised upward—were applied. The outstanding features of the colonial tariff system of 1892, together with the modifications introduced since that date, are set forth in the following paragraphs.

FEATURES OF THE SYSTEM.

(i) French goods enter assimilated colonies duty free.—In the assimilated colonies no customs duties are levied on French goods or on goods which have been nationalized by the payment of duties in France, if the shipment is direct, whatever the flag under which the merchandise is carried. This free importation of French goods is not mentioned in the law of 1892, but is based on the Senatus-Consultum of July 4, 1865, which legalized the distinction between the terms “customs duty,” that is, the duty paid only by foreign goods, and other duties such as the octrois de mer which are paid equally by goods of all origins. Such local consumption duties exist in all the colonies and French goods have never been exempt from them.

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68 These councils had, as French protectionists expressed it, abused their powers under the Senatus-Consultum of July 4, 1866, by imposing the same taxes on French as on foreign goods.
69 Also Mayotte in 1888; Nossi-Bé and Senegal in 1890; and the Ivory Coast in 1889.
70 These retained the 60 per cent rebate.
72 Diego-Suárez (since 1885 a French colony on the island of Madagascar), the island of Nossi Bé, and the island of St. Marie had been placed under the authority of the governor general of Madagascar in 1886. The Comoro Islands came under the same jurisdiction in 1914.
73 The requirement of direct shipment was greatly relaxed during the war. See e. g. Supplement to Commerce Reports, No. 72b, Mar. 3, 1920; The Times Trade Supplement, Sept., 1916, p. 121.
Goods manufactured or elaborated in bond in France pay on importation into these colonies as they would if taken out of bond for consumption in France, that is, according to the amount of foreign material contained in them, except in the Antilles (Guadeloupe and Martinique) and Reunion where they enter free.74

(ii) French colonial goods enter French colonies duty free.—All products of any French colony, whether assimilated or not, are admitted free to all other colonies.75 The only exception 76 is that goods coming from French India pay the rates accorded to goods of the most-favored nation, save that 2,000,000 kilograms of longcloth up to No. 26 French, and 1,500,000 kilograms of yarn not beyond No. 20 French may enter the other colonies 77 from French India duty free, provided they are made from yarn from Pondicherry. Foreign goods imported into a French colony through another French colony pay in the second the difference in the tariff rates, if the latter has the higher rate on the goods in question.78

(iii) Foreign goods entering assimilated colonies pay the rates of the French tariff, except where special rates have been established for them by decree.—Decrees changing rates for individual colonies have introduced variety into the colonial tariffs,79 but the Government has been "preoccupied much more with realizing the intentions and the aim pursued by the authors of the law of January 11, 1892, than with attending to the advice given by the local councils."79 Jules Ferry advanced the view that this power of decree should be used to give each colony a tariff suited to its needs; but this principle, if embodied in practice at all, has been followed in the spirit of explanations offered in the Chamber of 1891—that exceptions should be made only for articles of the first necessity or for products which France could not furnish.81

The increases made from time to time in the French tariff schedules do not go into effect automatically in the assimilated colonies, but only after they have been proclaimed in each colony. This point has been of special importance since June, 1919, for the increases have been very numerous; only a few of them, however, have as yet (October, 1921) been applied in the colonies (See p. 156).

All of these decrees which have changed the rates for individual colonies have specified that the surtaxes on goods of a European country imported through another European country, and on non-European goods through a country of Europe 82 should not apply in these colonies.

(iv) Exceptions to the French tariff in assimilated colonies are decreed by the French executive.—The tariffs of the assimilated colonies are made, since they are the tariffs of France, by the French legislature. Provision is made, however, for exceptions in the application of the French tariff to the colonies. The determination of exceptional rates might, of course, have been left to the action of the French

74 Law of May 16, 1883.
75 By Art. V of the law of 1892.
76 In Art. 1207.
77 The New Hebrides and the protectorates of Tunis and Morocco are not colonies within the meaning of this law.
78 Law of Jan. 11, 1892, Art. V.
79 Although most of the schedules have been practically unaffected. See descriptions of schedules below, p. 159.
82 Taules C and D of the tariff of 1892.
legislature, but by the law of 1892 this function was delegated to the executive, and since that time the legislature has not interfered with it. The special free list of each colony and the schedule of special digressions from the French tariff rates are therefore established by decrees of the French Council of State, though "The Councils General and the Councils of Administration of the colonies may also pass resolutions asking for exceptions from the metropolitan tariffs."

The octrois de mer and similar local taxes, other than customs duties, are unlike the latter in that they are established by resolutions of the local councils. Until 1916 these resolutions required ratification by the Council of State. Since then, the colonial minister, if supported by the Council of State, has had the right to veto them.

When a change is made in the law the legislature frequently makes the date of its application to the colonies dependent upon an executive decree. Thus, the tariff revision of 1910 did not extend to the colonial tariffs until decrees had been issued in the following year revising their special tariffs.

(v) Export duties are, as a rule, not differential.—Export duties were abolished in France in 1863, but they remained in most of the colonies, including all of the assimilated colonies. The newer colonies, Indo-China, Madagascar, and Gaboon, taxed all exports for a number of years, but within the decade before the war they granted free export to many articles and decreased the rates of the duties collected. In Gaboon for two years before the war rubber and ivory alone were paying export duties. In Madagascar the duty on rubber was not renewed in 1914, and there remained only the export duty of 2.50 francs per head on cattle. In Indo-China 31 rates still appeared on the export duty list.

In the older colonies export duties are a fundamental feature of the fiscal system. Where practically all the produce is exported, an export duty is looked upon as a fair and an easy way of collecting the equivalent of a land tax. The articles taxed, and more particularly the rates, differ from time to time, but generally there is a low duty on all the most important exports, regardless of destination. These taxes regularly include articles which are exported almost exclusively to France. In the sugar producing colonies the export duty falls chiefly on sugar, molasses, and rum; in New Caledonia, on ores; and in Guiana, on gold. The rates of these duties have been generally raised since the war began. For instance, in Reunion export duties were extended to new articles in 1915 and the rate was increased from 2 to 3 per cent ad valorem, and in 1916 a sliding scale was introduced by which the rates on the chief products were to increase more rapidly than the rise in price. In Madagascar 3 per cent was imposed upon practically all exports. In Guadeloupe,
where the rates on sugar, coffee, cocoa, and rum are on a sliding scale, the rise in the price of sugar in 1920 brought the export duty upon that article to 6 per cent ad valorem. Sugar, cattle, and cocoa are exported almost exclusively to France; vanilla is the one product of Guadeloupe exported almost exclusively to the United States. Not until September, 1920, was any export duty imposed upon vanilla, and the rate is 75 centimes per kilogram, which was, at the time of its imposition, equal to an ad valorem rate of 1½ per cent. As a general rule the French colonial export duties are levied only in response to fiscal needs. The decrees which increase export duties usually contain reference to the fiscal needs of the colony. That these taxes contain no concealed discrimination is easily seen by checking up the predominant share of France in the consumption of many of the articles on which they are levied; but it can not be affirmed that motives other than fiscal are entirely without influence. And in Indo-China since 1898 there has been an open differential in that the export duties have not been levied on goods exported directly to France and the French colonies. However, in addition to the regular export duty collected in Indo-China there is another impost on rice exports, levied in lieu of a land tax, and this is paid on exports to France as well as to other destinations. Rice constitutes two-thirds of the export trade of Indo-China. The other export duties are on animals, including buffaloes and elephants, and on silk floss, raw and ginned cotton, fish, sugar, spices, etc.

(vi) Colonial exports to France enter free: This free entry, except in the case of materials admitted free regardless of origin, is conditional upon direct transportation either by French or by foreign vessels. The only exceptions to the rule of free entry are sugar and sugared products and pepper. This breach in the general principle was allowed because of the need of raising revenue in France from consumption staples, especially from colonial products. The tariff law of 1892 set forth a longer list, in Table E—sugar, tea, coffee, cocoa, chocolate, vanilla, pepper and spices, with the provision that they should pay only one-half of the usual duty. In 1900 when the French tariff on coffee was reduced from 156 francs per 100 kilograms to 136 francs, the colonial preference of 78 francs per 100 kilograms was maintained. Instead of the new rate on the colonial product being one-half of the French tariff as before, it was now “the Metropolitan tariff diminished by 78 francs.” This made it 58 francs instead of the 68 francs that it would otherwise have been. Similarly, when the rate on pepper was raised in 1903 from 208 to 312 francs, the colonial preference in francs per 100 kilograms was maintained at 104, by making the item in Table E read “the Metropolitan tariff diminished by 104 francs.” Since 1909, pepper from Indo-China has been admitted at this rate only.

28 Decree of Aug. 28, 1920. Commerce Reports, Oct. 21. The prohibition imposed during the war on the exportation of sugar from Guadeloupe to countries other than France was repealed July 12, 1921.

29 For instance, it was reported by an American consul that the increase of duty on the molasses of Guadeloupe in 1912, an increase almost as great per liter as tax on rum, was intended to foster the home industry of converting molasses into rum.

30 The rate of this duty was trebled early in 1920 and then doubled a few months later. Special measures for the conservation of the rice supply in several countries in the Far East made a higher rate of duty in Indo-China more feasible, and the rate is understood to be temporary. See The Board of Trade Journal, Feb. 5 and Apr. 20, 1920, pp. 188 and 746. For the differential duties of New Caledonia, see p. 62 fn.

31 Table E of the French tariff, as already noted above, sets forth the duty on products imported from French colonies.
in limited quantities, fixed by decree every three years. Additional quantities enter under the minimum tariff if imported "directly." By the law of August 5, 1913, all colonial consumption staples, except pepper, sugar, and sugared products, were to enter France free after January 1, 1914, if imported "directly." In consequence, in order to prevent evasion of duties by roundabout importation into France, the special reductions from the French rates on tea, coffee, cocoa, etc., which had been in force in some of the assimilated colonies were abolished, with the result that the rates of the French tariff were automatically reimposed.

The law of 1892 gave sugar produced in the colonies only slight advantages over the foreign product, and these, with those granted later, had to be reduced after the adherence of France to the Brussels sugar convention in 1902. Accordingly, colonial sugar from any colony was subject to the regular Metropolitan duty, 25 francs per 100 kilograms net, but it was exempt from the surtax of 5.50 francs on raw sugar yielding 98 per cent or less of refined sugar, and of 6 francs on better grades. Some time after the French denunciation of the Brussels sugar convention had become effective an additional duty of 14 francs per 100 kilograms was imposed on foreign sugars, becoming effective June 10, 1920. Colonial sugar benefits also by a deduction for freight paid (détaxe de distance), equal to the cost of transportation provided that cost does not exceed, in the case of sugar from the Caribbean colonies, 2.25 francs, or in the case of imports from other colonies, 2.50 francs per 100 kilograms of refined sugar. Sugared products from the colonies also enjoy special rates. The differential features—Summary.—The tariffs of the assimilated colonies present the maximum of the commercial discriminations which appear in the French system. With the exceptions set forth in some detail in Table 5, foreign goods pay in these colonies the full rates of the French tariff, or in a very few instances higher rates, while French goods are entirely exempt from the customs duty. The consumption duties, however, collected under various names, fall equally on French and on foreign goods. The discrimination in favor of colonial products entering France is very similar, with the exception of sugar and pepper, these products enter free of customs duty, but consumption duties are levied on typical colonial products—coffee, cocoa, etc. Complete exemption from customs duties is the rule in the intercolonial trade of the French empire, except that duties are levied upon most of the products of French India. The trade between France and the

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95 A decree of June 5, 1919, fixes the quantities for 1919, 1920, and 1921, increasing them to—from Cochinchina, 500 tons, and from Cambodia, 2,000 tons.
96 Such indirect importation of colonial products had been penalized more heavily by a law of 1900, which provided that such products so imported should pay the rates of the French general tariff less the duty already paid in a colony or Algeria. The rate of the general tariff on these products is approximately double that of the minimum tariff, except on sugar and coffee, which have single rates of duty, and on sugared products. Most of the countries from which such goods come are entitled to the minimum rates for direct importation, so that the penalty on importation through a French colony amounted to practically a doubling of the duty.
97 Candy sugar, 20.75 francs.
1 France denounced the Brussels sugar convention on Sept. 1, 1918. The new duty was imposed in October, 1919, but owing to the prohibition then in force upon importation of sugar by private individuals the duty did not go into effect until June 10, 1920. (Times Trade Supplement, Oct. 25, 1919, p. 33. Cire. of July 23, 1919. Série Générale, No. 49.)
2 Shown in Nos. 90-96 of the French tariff schedules. The preferential features of these rates were also increased by the duties which became effective June 10, 1920.
3 Except in so far as the latest increases in these rates have not at any given moment been proclaimed in the colony in question.
4 See Board of Trade Journal, June 24, 1920, and Commerce Reports, July 26, 1920.
assimilated colonies is required to go directly, except in the case of articles on the free lists, and this requirement largely excludes foreign vessels from this trade, except in the case of rice, and cereals imported from Indo-China and sugar from Martinique and Guadeloupe.

TARIFF SCHEDULES IN THE DIFFERENT COLONIES.

Customs duties.—It must be kept in mind that the tariff schedules of the assimilated colonies individually contain only the exceptional rates and that on all articles for which there are none such the rates of the French tariff are applied. The exceptions take the form almost invariably of reductions. The free lists consist of articles additional to those which enter the mother country free. It will be observed from the length of the additional colonial free list and the list of special tariffs exhibited below that there is a considerable departure in the colonies from the rates of the French import schedules. An accurate evaluation of the amount of the departure would, of course, require a consideration of the importance of each article of import and of the amount by which the rate had been reduced below the French rate when the article was placed on the special tariff list. In some cases the reduced rate will be found to be still prohibitive. In a few cases the colonial customs duties, and in many cases the consumption duties are ad valorem, making it difficult to compare them with the specific rates of the French tariff.

Consumption duties.—On the other hand, the octrois de mer and the consumption duties may or may not correspond to local excises; they may represent, indeed (though they usually do not), a certain amount of local protection to local manufacturers or producers, but in any case they are nonpreferential as between the French and their competitors outside of the colony in question. It follows that when an article appears both on the special tariff schedules and on those of the octroi de mer the principle of tariff assimilation has suffered a double breach in that French goods entering the colonies are compelled to pay a tax and foreign goods are made to pay less than is required of them in France.

The exceptions to the French tariff in the schedules of the assimilated colonies proper are not easily summarized. Only very general statements can be made concerning the tariffs of all eight colonies collectively. They all have special rates on tobacco. They all have some reductions or exemptions in reference to live animals and to foodstuffs. They most commonly accord reductions on cattle, salted meat, certain dried fish, wheat, flour, corn and corn meal, and seeds for sowing. None of them has strikingly longer or shorter lists than the others and none has strikingly greater reductions.

The consumption duties and octrois de mer levied in the assimilated colonies vary much more than do the exceptions from the French tariff. Indo-China levies upon tobacco, liquors, mineral oils, salt,

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5 The export duties of Indo-China are differential except as to part of the charge on rice.
6 See table on p. 161. The statement is based on the figures for 1914, and has not been checked for the effect of the more recent shortage of shipping.
7 See p. 171.
8 See p. 149.
9 Aside from edible products, the chief reductions are in woods, casks, sacks, and petroleum. Higher rates than the French are found on matches in Indo-China and Gaboon, on beer in Indo-China, and on edible oils in Guadeloupe and Martinique.
powders, and matches; Gaboon adds to this list sugar, arms, and cottons; Madagascar adds to these meats and fish, other textiles, spices, candles, and edible oils. In Guadeloupe, Martinique, Reunion, New Caledonia, and Guiana the consumption duties are levied on nearly all articles, though only Guiana and Reunion include in their schedules general rates on “all articles not enumerated” and not on special free lists. It will be observed that while the table below has made no distinction between the different kinds of consumption duties in the other colonies, those for Guiana and Reunion have been listed separately because of their great number.

A considerable number of the consumption duties are higher than the French minimum tariff duties, and hence they increase by more than 100 per cent the charges actually levied on a foreign article when imported. In 1909 the revenue from these duties was in New Caledonia twice and in Guiana nearly four times as great as that from the customs duty. In Madagascar and Indo-China the revenues from consumption duties likewise largely exceeded the customs revenue. These figures of total revenue, however, throw no light on the relative average height of the customs and consumption duties. They include, apparently, in some cases at least, sums collected on local production. Further, in so far as the tariff rates exclude foreign goods and substitute French products they decrease the customs revenue without affecting the revenue from consumption duties. A revenue from consumption duties twice as great as that from customs duties might result from either of two combinations: Low tariff rates, admitting considerable quantities of foreign goods as well as French, with consumption duties at higher rates on the goods thus admitted, or high tariff rates, reducing the importation of foreign goods to a small fraction of the total and leaving it to French goods, admitted free, to form the bulk of the imports—in which case the revenue from customs duties would be small and that from consumption duties would be relatively large. The latter is virtually the situation which prevails.

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19 For other colonies the figures are not given separately. In 1918 Madagascar received $720,000 from consumption duties on imports and only $340,500 from import duties. The consumption duties on local products yielded $159,000. In 1917 the receipts from customs duties were over 12 per cent of the value of non-French goods imported; the receipts from consumption duties on imports were 4 per cent of the total value imported.
The following table shows the exceptions to the French minimum tariff (rates of 1914, shown in the first column) in the assimilated colonies through the schedules in which the exceptions are relatively numerous. The rates are given in francs.

Table 5.—Exceptions to French minimum tariff in the assimilated colonies.

<table>
<thead>
<tr>
<th>No. in French schedules</th>
<th>Article</th>
<th>Rate (per 100 kilograms unless otherwise specified) in—</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Horses, by age... each.</td>
<td>100.00</td>
</tr>
<tr>
<td>2</td>
<td>Colts... do.</td>
<td>120.00</td>
</tr>
<tr>
<td>3</td>
<td>Mules... do.</td>
<td>50.00</td>
</tr>
<tr>
<td>4</td>
<td>Asses... do.</td>
<td>30.00</td>
</tr>
<tr>
<td>4,7</td>
<td>Oxen and bullocks... each.</td>
<td>30.00</td>
</tr>
<tr>
<td>5, 6</td>
<td>Bulls... each.</td>
<td>20.00</td>
</tr>
<tr>
<td>7</td>
<td>Cows and heifers... each.</td>
<td>20.00</td>
</tr>
<tr>
<td>8</td>
<td>Steers... each.</td>
<td>25.00</td>
</tr>
<tr>
<td>9</td>
<td>Calves... each.</td>
<td>25.00</td>
</tr>
<tr>
<td>10</td>
<td>Sheep... each.</td>
<td>2.25</td>
</tr>
<tr>
<td>11</td>
<td>Goats... do.</td>
<td>3.00</td>
</tr>
<tr>
<td>12</td>
<td>Kids... do.</td>
<td>1.50</td>
</tr>
<tr>
<td>13</td>
<td>Hogs... each.</td>
<td>15.00</td>
</tr>
<tr>
<td>14</td>
<td>Game, live... each.</td>
<td>30.00</td>
</tr>
<tr>
<td>15</td>
<td>Turtles... do.</td>
<td>20.00</td>
</tr>
<tr>
<td>16</td>
<td>Poultry... do.</td>
<td>20.00</td>
</tr>
<tr>
<td>17</td>
<td>Pigeons... do.</td>
<td>30.00</td>
</tr>
<tr>
<td>18</td>
<td>Rabbits... do.</td>
<td>25.00</td>
</tr>
<tr>
<td>19</td>
<td>Meat, fresh or refrigerated... do.</td>
<td>25.00</td>
</tr>
<tr>
<td>20</td>
<td>Ham, boned and rolled, cooked... do.</td>
<td>40.00</td>
</tr>
<tr>
<td>21</td>
<td>Salted meat... do.</td>
<td>35.00</td>
</tr>
<tr>
<td>22</td>
<td>Pork, ham, bacon... do.</td>
<td>35.00</td>
</tr>
<tr>
<td>23</td>
<td>Beef and other... do.</td>
<td>35.00</td>
</tr>
<tr>
<td>24</td>
<td>Poultry... do.</td>
<td>20.00</td>
</tr>
<tr>
<td>25</td>
<td>Deer and other game... do.</td>
<td>35.00-20.00</td>
</tr>
<tr>
<td>26</td>
<td>Turtles... do.</td>
<td>20.00</td>
</tr>
</tbody>
</table>

1 Free.  
2 Horses, cattle, and other farm animals for breeding, free.  
3 Duties suspended from June 22, 1916, to June 20, 1919.  
4 By decree of Feb. 18, 1915, and Apr. 21, 1916, until such time as France can supply the market.
<table>
<thead>
<tr>
<th>No. in French Schedules</th>
<th>Article</th>
<th>Rate (per 100 kilograms unless otherwise specified) in—</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>Lard</td>
<td>Francs 30.00</td>
</tr>
<tr>
<td>35</td>
<td>Milk</td>
<td>5.00</td>
</tr>
<tr>
<td>36</td>
<td>Cheese</td>
<td>12.00</td>
</tr>
<tr>
<td>46</td>
<td>Fish, dry, cod, and herring</td>
<td>48.00</td>
</tr>
<tr>
<td></td>
<td>Anchovies, mackerel, sardines</td>
<td>25.00</td>
</tr>
<tr>
<td>68</td>
<td>Other dry fish</td>
<td>25.00</td>
</tr>
<tr>
<td>69</td>
<td>Wheat and spelt</td>
<td>7.00</td>
</tr>
<tr>
<td>71</td>
<td>Oats, barley, rye</td>
<td>3.00</td>
</tr>
<tr>
<td>72</td>
<td>Corn</td>
<td>5.00</td>
</tr>
<tr>
<td>76</td>
<td>Grits</td>
<td>16.00</td>
</tr>
<tr>
<td>77</td>
<td>Bread</td>
<td>7.00</td>
</tr>
<tr>
<td>82</td>
<td>Rice</td>
<td>3.00</td>
</tr>
<tr>
<td>84</td>
<td>Fresh table fruit</td>
<td>1.50-20.00</td>
</tr>
<tr>
<td>89</td>
<td>Seeds for sowing</td>
<td>5.00-6.00</td>
</tr>
<tr>
<td>91</td>
<td>Sugar, duty proper</td>
<td>312.00</td>
</tr>
<tr>
<td>99</td>
<td>Pepper</td>
<td>208.00</td>
</tr>
<tr>
<td>108</td>
<td>Tea</td>
<td>(1)</td>
</tr>
<tr>
<td>109</td>
<td>Tobacco</td>
<td>7,500.00</td>
</tr>
<tr>
<td></td>
<td>Cigarettes</td>
<td>7,500.00</td>
</tr>
<tr>
<td></td>
<td>Snuff and chewing</td>
<td>1,800.00</td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
<td>3,250.00</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Smoking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Turkish</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>110</td>
<td>Vegetable oils:</td>
<td>3.00</td>
</tr>
<tr>
<td></td>
<td>Olive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coconut</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Castor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cotton seed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>128</td>
<td>Woods, common, rough</td>
<td>50.00</td>
</tr>
<tr>
<td></td>
<td>Sawed or squared</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>Staves</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Splints, lath</td>
<td>1.50</td>
</tr>
<tr>
<td></td>
<td>Firewood</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Charcoal</td>
<td></td>
</tr>
<tr>
<td>600</td>
<td>Wood prepared, hard or soft</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>Woods, exotic</td>
<td></td>
</tr>
<tr>
<td>586</td>
<td>Casks, by size</td>
<td>5.00</td>
</tr>
<tr>
<td>138</td>
<td>Fresh vegetables, by season</td>
<td>6.00</td>
</tr>
<tr>
<td></td>
<td>Dry vegetables</td>
<td>20.00</td>
</tr>
<tr>
<td>160</td>
<td>Oil cake</td>
<td></td>
</tr>
<tr>
<td>171</td>
<td>Wines from fresh grapes, hectoliter</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td>Liqueurs, hectoliter</td>
<td>80.00</td>
</tr>
<tr>
<td>190</td>
<td>Coal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Refined and essences of</td>
<td>12.50</td>
</tr>
<tr>
<td></td>
<td>Heavy oils, residues of petroleum</td>
<td>9.00</td>
</tr>
<tr>
<td>251</td>
<td>Salt</td>
<td></td>
</tr>
<tr>
<td>474</td>
<td>Playing cards</td>
<td></td>
</tr>
<tr>
<td>648</td>
<td>Matches</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wood for matches</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td>Matches, other than wooden</td>
<td>20.00</td>
</tr>
</tbody>
</table>

1 Free.
2 Each.
3 Degree of Jan. 18, 1920. Former rate, 3 francs.
4 By degree of Feb. 18, 1915, and Apr. 21, 1916, until such time as France can supply the market.
5 1 franc per hectoliter.
6 Rate in 1914, 160 francs.
7 "One-half of the Metropolitan duty."
8 Rate in 1914, 130 francs.
9 Prohibited.
10 As multiplied by the coefficient 5 by decree of July 17, 1920.
11 Rate previous to establishment of government monopoly in 1916.
12 20 francs per 1,000.
13 Certain kinds free.
14 Free to 1.50 francs.
15 Free; or as oil.
16 Rate in 1914, 30 francs.
17 30 bottle case, 30 francs.
18 Raised from 0.75 in 1919.
19 Decreased from 15 in 1918.
20 Prohibited.
21 As multiplied by the coefficient 5 by decree of July 17, 1920.
Notes to Table 5—Observations Concerning Exceptions to the French Schedules.

1. Weight as basis for calculation.—The general rule for all these tariffs is that the duty is levied on the net weight when the rate exceeds 10 francs per 100 kilograms; otherwise, on the gross weight. Rates per kilogram in the original tariff schedules have been changed in making up the table to rates per 100 kilograms. Where this has been done, the rates shown do not, of course, represent the amount that an importer of less than 100 kilograms would pay.

2. Variations in classification.—Differences in classification make it impossible to exhibit every detail accurately within the limits of a composite table. For instance, casks imported into France are charged duty according to size; in Reunion those not air-tight are free. In New Caledonia dried fruits and nuts, other than the 11 kinds listed under No. 85 of the French tariff, are free. Indo-China has a special classification for Chinese perfumed wines and the enumerated vegetables and fruit are Chinese products. Wines in France pay the alcohol tax for the alcoholic content beyond 12°.

3. Single rates in colonial tariffs.—A few rates are found in the colonial tariffs which are the same as those of the French minimum schedules—i.e., a single rate appears in place of the general and minimum rates of the French tariff. Most of Madagascar’s duties on wood are of this character. Her special rates on cottons, from 1888 to 1917, present a variation. By combining items of the French tariff and putting upon the whole of the group thus formed the rate of the French minimum duty on that item of the group most highly taxed, the special duty of the colonial tariff was made higher than the French minimum rates on the other items of the group. Thus the rates on numerous items approached very closely those of the French general tariff. This special Madagascar tariff on textiles was abolished in 1917, because countries entitled to the minimum tariff sent their cottons via France and thus evaded the payment of any duty higher than the minimum. (Decree of Mar. 19, 1917, Circ. 4558.)

4. Exceptions to use of single rates in colonial tariffs.—Until 1911 the rule was without exception that the special rates of the assimilated colonies specified single rates which took the place of both the general and the minimum rates of the French tariff. In the decree of June 30, 1911, by which the French tariff revision of 1910 was extended to these colonies, the following articles were given two sets of rates in the colonies named: In Guadeloupe, cottonseed oil; in Guiana, unpolished castings; in Madagascar, wagons with or without springs; in Indo-China, Chinese fancy turnery articles, thread, oil cans, and machinery for the cultivation and preparation of rice; and in New Caledonia, a score of items, most of which are mentioned below.

5. Miscellaneous exceptions to French minimum rates.—The table includes practically all the exceptions from the French minimum tariff other than as follows:

The Tunisian rates in the table are those on articles which are given here because they represent exceptions from the French rates in other colonies. The duties of the Tunisian tariff are enumerated under the 654 heads of the French tariff. The rates on cereals, bread, etc., were doubled from July 27, 1921. See p. 185 for further description.

Of the assimilated colonies proper, Indo-China, Madagascar, and New Caledonia make exceptions in regard to a certain number of manufactured articles. In Indo-China large classes of Chinese manufactures are admitted at special rates—pottery, yarn, cloth and embroideries, paper, shoes, hats, trunks, purses, fireworks, fans, parasols, combs, mats, furniture, lacquer work, and fancy turnery articles. On the free list appear also building stone, pine, teak and oak, rattan, and combed hemp. Special rates are put also on areca nuts, betel, bamboo, garlic, sauces, vessels, and gold extracting machinery. A decree of July 17, 1920, increased most of the special rates of the Indo-Chinese tariff by multiplying them by coefficients of increase of 2 to 6.

Madagascar has special rates on cottons, furniture of bent wood, doors, windows, etc., accordions, wagons, machines for extracting gold
(except their motors), and sulphur. Since 1917 agricultural machinery has been admitted free, but this exemption is now limited to machinery imported by agriculturists (decree of Dec. 6, 1919).

In New Caledonia the free list includes agricultural and some other machinery and tools, wagons and omnibuses, powder, felt, and some acids. Iron and steel ingots, yarns other than cotton, detonators, and machinery for the treatment of ores, free in the earlier lists, were given a double rate in 1911, and are still free under the minimum schedule. Ferrometallic alloys, sheet tin, railway equipment, machinery for rolling mills, casks, and handles of agricultural tools are likewise free on the minimum schedule. There are special rates on hops, tannery bark, hides, leather articles (including saddles), tool steel, sheet iron, axles, and shaped wood. All of these last-named articles excepting metals were free in earlier years, as were also salt, coal, oil, and a number of foodstuffs. The lowest French rates, both of the general and of the minimum tariff, apply to the whole schedule of wares. By decree of October 12, 1918, barbed wire fencing, drain pipes, crude sulphate of ammonia, and various agricultural machines and tools were to remain free until a time to be determined within a year of the end of the war.

In Algeria the duty on spices is two-thirds of the French rate. The Algerian rate on salted meat, less than the French, is explained by the absence of a consumption duty on salt, that duty being included in the French tariff rate upon salted meat.

In Reunion, sulphate of copper, chloride of lime, ammonium chloride, and nitrate of potash are free. There is a single rate on boilers, equal to the French minimum rate. Detached pieces of machinery enter at a uniform rate of 6 francs per 100 kilograms. This duty takes the place of nearly 70 items in the French schedules, on only one of which is the rate less than 8 francs per 100 kilograms. The rates given for tobacco are those paid by manufacturers; individuals importing for their own consumption pay double.

In Guiana, cast iron, pig iron, sulphide of carbon, and parts of gold dredges are free, as are also wooden buckets, iron trunks, and common trunks.

In Guadeloupe, there are special rates on hoes, cutlasses, and flatirons. The lowest French rate applies to all chairs other than those of bent wood.

In Martinique, glass and crystal pay 7 francs per 100 kilograms. This heading covers a whole chapter of the French schedules, containing some 60 items. The rate in Martinique is higher than the French rate for plate glass, rough cast glass, plain or pressed glass of natural color or colored in the batch, and on bottles. It is lower than the French rate, and often very much lower, on window glass, cut or decorated glassware, chimneys, globes and bulbs, watch crystals, beads, etc. For recent increases in rates, especially the doubling of the rate upon a score of luxuries, see The Times Trade Supplement, Sept. 17, 1921, p. 17, and the Board of Trade Journal, Aug. 18, 1921, p. 190.
DUTIES IN THE COLONIES IN ADDITION TO CUSTOMS DUTIES.

The following table shows the chief duties additional to the customs duties in force in 1914 with respect to the articles named. The French minimum tariff rates, and the consumption duties of Tunis and Algeria are given for comparison with those of the assimilated colonies proper.

Table 6.—Octrois and consumption duties of the assimilated colonies.

<table>
<thead>
<tr>
<th>No in the French schedule</th>
<th>Article</th>
<th>French minimum tariff</th>
<th>New Caledonia octroi and consumption</th>
<th>Guadeloupe octroi and consumption</th>
<th>Martinique octroi and consumption</th>
<th>Reunion</th>
<th>Guiana</th>
<th>Consuption duty and consumption tax</th>
<th>Octroi</th>
<th>Octroi</th>
<th>Gaboon consumption duty</th>
<th>Madagas- car consumption duty</th>
<th>Indo-China consumption and circulation</th>
<th>Algeria octroi and consumption</th>
<th>Tunis consumption, circulation, and entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-8</td>
<td>Cattle</td>
<td>20,25</td>
<td></td>
<td></td>
<td></td>
<td>1,2,50,5</td>
<td></td>
<td></td>
<td>4,5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Salt pork and beef</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
<td>.10+.10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19-20</td>
<td>Canned meats</td>
<td>20,30</td>
<td>6</td>
<td>30</td>
<td></td>
<td>250,16.50</td>
<td></td>
<td></td>
<td>2.60</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Meat extracts</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>23</td>
<td>Hair</td>
<td>25</td>
<td>10</td>
<td>5</td>
<td></td>
<td>7.20</td>
<td></td>
<td></td>
<td>4.80</td>
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</tr>
<tr>
<td>30</td>
<td>Cheese</td>
<td>12,15,20</td>
<td>20,30</td>
<td>18</td>
<td>18</td>
<td></td>
<td>8</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>37</td>
<td>Butter</td>
<td>20</td>
<td>18</td>
<td>10</td>
<td>10</td>
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<td>8</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>46</td>
<td>Dry fish</td>
<td>48</td>
<td></td>
<td>5</td>
<td></td>
<td>2.50</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>68</td>
<td>Wheat</td>
<td>15,25</td>
<td>45</td>
<td>9</td>
<td>15</td>
<td></td>
<td>3.25</td>
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<tr>
<td>69-72</td>
<td>Cereal</td>
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<td>.65</td>
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<td>3.68</td>
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<tr>
<td>79</td>
<td>Rice</td>
<td>3.5,8</td>
<td>.70</td>
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<td>1.50</td>
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</tr>
<tr>
<td>83</td>
<td>Potatoes</td>
<td>30,9</td>
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</tr>
<tr>
<td>84</td>
<td>Table fruit</td>
<td>1.50-20</td>
<td>1.50-20</td>
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</tr>
<tr>
<td>85</td>
<td>Dried fruit</td>
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<td>6.40,18</td>
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</tr>
<tr>
<td>91</td>
<td>Sugar</td>
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<td>10+10</td>
<td></td>
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<tr>
<td>95</td>
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</tr>
<tr>
<td>99</td>
<td>Pepper</td>
<td>312</td>
<td>15</td>
<td>10</td>
<td></td>
<td>30</td>
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<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>109</td>
<td>Tobacco leaf</td>
<td>3</td>
<td>30+400</td>
<td>100</td>
<td>25+80</td>
<td></td>
<td>12</td>
<td></td>
<td>23,80+70</td>
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1 Schedule of 1889, still in force.
2 Each.
3 Free.
4 Per cent.
5 Consumption duty.
6 Per cask.
7 Per hecto.
8 Per bottle.
9 Per thousand.
10 Free to 6 francs.
11 Free to 93 francs.
12 Free to 15 francs.
13 Each.
14 Free to 18 francs.
15 Free to 24 francs.
16 Free to 30 francs.
17 Free to 35 francs.
18 Free to 40 francs.
19 Free to 45 francs.
20 Free to 50 francs.
21 Free to 55 francs.
22 Free to 60 francs.
23 Free to 65 francs.
24 Free to 70 francs.
25 Free to 75 francs.
26 Free to 80 francs.
27 Free to 85 francs.
28 Free to 90 francs.
29 Free to 95 francs.
30 Free to 100 francs.
31 Free to 105 francs.
32 Free to 110 francs.
33 Free to 115 francs.
34 Free to 120 francs.
35 Free to 125 francs.
36 Free to 130 francs.
37 Free to 135 francs.
38 Free to 140 francs.
39 Free to 145 francs.
40 Free to 150 francs.
41 Free to 155 francs.
42 Free to 160 francs.
43 Free to 165 francs.
44 Free to 170 francs.
45 Free to 175 francs.
46 Free to 180 francs.
47 Free to 185 francs.
48 Free to 190 francs.
49 Free to 195 francs.
50 Free to 200 francs.
51 Free to 205 francs.
52 Free to 210 francs.
53 Free to 215 francs.
54 Free to 220 francs.
55 Free to 225 francs.
56 Free to 230 francs.
57 Free to 235 francs.
58 Free to 240 francs.
59 Free to 245 francs.
60 Free to 250 francs.
61 Free to 255 francs.
62 Free to 260 francs.
63 Free to 265 francs.
64 Free to 270 francs.
65 Free to 275 francs.
66 Free to 280 francs.
67 Free to 285 francs.
68 Free to 290 francs.
69 Free to 295 francs.
70 Free to 300 francs.
71 Free to 305 francs.
72 Free to 310 francs.
73 Free to 315 francs.
74 Free to 320 francs.
75 Free to 325 francs.
76 Free to 330 francs.
77 Free to 335 francs.
78 Free to 340 francs.
79 Free to 345 francs.
80 Free to 350 francs.
81 Free to 355 francs.
82 Free to 360 francs.
83 Free to 365 francs.
84 Free to 370 francs.
85 Free to 375 francs.
86 Free to 380 francs.
87 Free to 385 francs.
88 Free to 390 francs.
89 Free to 395 francs.
90 Free to 400 francs.
91 Free to 405 francs.
92 Free to 410 francs.
93 Free to 415 francs.
94 Free to 420 francs.
95 Free to 425 francs.
96 Free to 430 francs.
97 Free to 435 francs.
98 Free to 440 francs.
99 Free to 445 francs.
100 Free to 450 francs.
1. Variations in classification.—As in the case with the preceding table, this table does not always take account of minute details. For instance, the cereals enumerated in numbers 69 to 72 of the French tariff are oats, barley, rye, and corn, and the rates given do not always apply to all four. The French rates on table fruit are given as 1.50 and 20 francs, disregarding the exceptional rate of 150 francs on hothouse grapes. The French rates on cotton fabrics (quoted) are the base rates and there are surcharges for bleaching, dyeing, etc.; in Guadeloupe many classes of cottons and silks have specific rates per meter. Where no separate rates are given for brandy or liqueurs, these products are treated as other alcoholic beverages and are taxed according to their content of pure alcohol. By exception the rate of the Guiana octroi on alcohol is levied per hectoliter of liquid, regardless of its strength.

2. Duties and free list.—Guadeloupe and Martinique have provisions that articles composed of diverse materials shall pay the duty leviable on the component which is subject to the highest rate of duty. Reunion levies an octroi of 4 per cent and Guiana one of 5 per cent plus a consumption duty of 4 per cent on all articles not enumerated and not mentioned on special free lists. Their free lists and that of Guadeloupe specify agricultural and some other machinery, but almost nothing else except material imported on behalf of the State or of subsidized public service corporations. In the cases of Guiana and Reunion, it is obvious that, with such short free lists, the general duties on all articles not enumerated are operative where there are gaps in the columns of the table, and that the table even after the filling of the gaps remains a very inadequate representation of the real extent of the duties in these colonies. In a smaller degree the same is true of Martinique and Guadeloupe, where wide classes of manufactured articles pay these additional duties according to their component materials.

3. Explanation of various entries.—The French tariff rates on sugar and on beer include the internal tax. The internal tax on alcohol before the war was 220 francs per hectoliter of pure alcohol, and this is shown in addition to the duty. The figures separated by commas indicate different rates on different classifications of the articles; figures joined by a (+) sign indicate different duties which fall upon the same article. These duties appear in the order in which they are named in the head of the column where the most extensive system of duty has precedence. The unit of collection in the consumption duties of Madagascar and Reunion is the kilogram—except for beverages, etc.—but for the sake of uniformity the rate given in the table is that per hundred kilograms. So also the consumption tax upon tobacco in Algeria.
FRANCE.

ALGERIA.

COMMERCIAL IMPORTANCE.

Algeria easily ranks first in commerce among the French possessions. Its external commerce in the five years before the war averaged over a billion francs, a sum exceeding the total commerce of the dozen minor colonies, excluding only the protectorates of Morocco, Tunis, and Indo-China. The population of Algeria is about 5,500,000, of whom slightly over 750,000 are Europeans. With its considerable European population, its proximity to France, and the fact that French goods have entered free for over 80 years, while Algerian products have entered France free since 1851, it is not surprising that nearly 80 per cent of the Algerian exports go to France and 87 per cent of the imports come from France. Algeria buys from France "all that the latter is capable of furnishing." 11

Algeria is more fully assimilated than is any other French possession. It is indeed for most purposes considered not a colony but a part of France. Some of the laws refer to Algeria and the colonies, and Prof. Girault even argues that article 3 of the tariff law of 1892, referring to the "colonies and possessions of France," does not include Algeria. 12 Nevertheless, France and Algeria do not form a complete customs union, because there are certain exceptions to the principles of free trade between them and identical tariff barriers against the rest of the world, and because they do not pay the customs revenue into a common treasury. The difference between the French and the Algerian tariffs, and the degree of assimilation are described below.

FEATURES OF THE ALGERIAN TARIFF SYSTEM.

Imports from France are duty free.—Imports from France, whether they be French products or foreign goods nationalized by the payment of the French tariff, pay no customs duty in Algeria, but in common with the products of all other countries they pay the local consumption duties, if there are any levied upon the commodity in question. 13

Imports from assimilated colonies are duty free; those from non-assimilated colonies pay duty.—Article 27 of the law of April 8, 1910, provided that "colonial products," 14 other than sugar and tobacco, the produce of the colonies, French possessions, and protectorates of Indo-China, shall pay in Algeria under the same conditions the same duties as in France, except for the application of the special Algerian tariff when that is more favorable." 15 This law reversed some decisions of the Council of State, by which products of any colony had entered Algeria free under the rule of intercolonial free trade. Since 1910, therefore, the rule has been that products of the assimilated colonies enter Algeria free and products of the nonassimilated colonies

11 Girault: Op. cit., pp. 256, 250, 262. The figures 80 per cent and 87 per cent are quoted from Girault, who does not refer to any one year. In 1913 the percentages were, for imports 82.8, and for exports 67.1. For reasons stated on p. 55 the proportion of exports to France has been declining.
12 But the Observations Préliminaires, 1908, refer to Art. 3 and Table E as regulating the Algerian tariff, p. 236.
13 See additional duties, p. 181.
14 French writers, without discussing the point, interpret "colonial products" (déchees coloniales) in this case as covering all exports originating in the colonies and not merely the tropical products to which the term is often restricted. Arnauné: Op. cit., p. 394; Girault: Op. cit., pp. 88, 120.
pay the French minimum tariff rates or the special Algerian tariff, if that is lower (see next paragraph); but there are important exceptions.

Exceptions.—(a) Sugar from either class of colonies pays in Algeria the consumption duties and nothing more.

(b) Importations into France of tobacco and of matches are forbidden with certain exceptions, and these articles, even when of French colonial origin, pay in Algeria the rates of the special tariff, receiving no advantage over foreign goods.

(c) Pepper from the assimilated colonies, according to Table E of the tariff of 1892, as revised in 1900 and 1913, pays in France two-thirds of the minimum tariff and therefore pays the same in Algeria where the special rate is no lower. 15

(d) The longcloth of French India entering France free under the law of 1892 may apparently enter Algeria free under the law of 1910.

(e) Products of Tunis and Morocco, and the country south of Algeria, coming in overland, enter free under a law of July 17, 1867; if imported by sea, they pay as in France; that is, they pay the lowest rate paid by foreign goods, except that Tunisian cereals, animals, olive oil, etc., come in free, and Tunisian wine pays at a special rate. 16 The importation of Tunisian tan bark is prohibited.

Imports from foreign countries pay the French rates, with exceptions.—Since the assimilation of Algeria in 1884 foreign imports into Algeria, with the exception of coffee, spices, beer, and tobacco, have paid the rates of the French tariff. Coffee pays 31.20 francs per 100 kilograms on the minimum tariff instead of the 136 francs paid in France. Spices pay two-thirds of the French rates and cigars and cigarettes pay 250 francs per 100 kilograms net instead of the 7,500 francs charged in France on the small quantities which individuals are permitted to import. Beer pays slightly less than the French rate, which includes the manufacturing tax not applicable to Algeria. 17 The rates on salt and salted meats have the appearance only of being different from the French rates; the latter have been augmented by the inclusion of the consumption tax on salt. Matches are subject to a State monopoly in France and their importation except by the monopoly is prohibited; in Algeria they paid before the war the same duty as was charged to the monopoly in France. The rate was increased in 1917 to 72 francs per 100 kilograms.

Sugar, tobacco, and matches have single rates in the special Algerian tariff; the other articles have both general and minimum rates. The French commercial treaties which extend the minimum tariff to foreign countries include Algeria in every case, even when excluding some or all of the French colonies proper. The only distinction made in the application of the minimum tariff is that Swiss goods are entitled to its rates only if they have been transported through France.

15 The law of 1900 limiting the amount of pepper from Indo-China admissible at this special reduction apparently applies to Algeria, though the decrees fixing the amounts admissible annually specify importations "into France," and customs decrees almost invariably read "France and Algeria." Similarly the decrees granting special rates to certain products of the nonassimilated colonies and of Tunis specify only France, but may include Algeria in their operation. Probably there is little direct trade between Algeria and the colonies.


17 Beer pays an octroi in addition so that the total taxation is greater than that of France. The French sales tax law of June 25, 1903, which levies an additional 1.1 per cent upon all imports is not applicable in Algeria.
The registration or statistical tax is the same in Algeria as in France, also the surtaxes of Tables C and D of the tariff and the surtaxes on sugars which have received a premium on exportation.

Additional duties fall equally on French and on foreign goods.—French, French colonial, and foreign goods entering Algeria pay alike certain additional duties. These taxes are known as the octroi de mer and the droit de consommation.

Many French cities have a special customs duty—a tax for revenue only—on certain goods entering the city, and this duty is known as an octroi. Colonial octrois sometimes have protective features and they are collected at the frontier rather than at the city gates, but the same name is applied to them, because their proceeds are assigned to the support of the local governments. The Algerian octroi de mer is then a local government tax collected at the seaboard instead of at the boundaries of the municipalities. It is also levied on any domestic production, though this is an exception to the general colonial usage. The central government of Algeria keeps 6 per cent for the expense of collection and the remainder is distributed among the local governments according to a rule which makes a distinction between the European and the native populations. The droits de consommation or consumption duties are similar to the octroi de mer, but without the feature of local distribution. Neither of these taxes presents to the outsider any differences from the ordinary tariff; all the regulations in regard to tare, credits, stores, contested rulings, etc., apply equally to all of them. But while the Algerian customs duties are made by the French legislature, these octrois and consumption duties are passed first by a joint session of the financial delegations of Algeria, on the motion of one of the delegations and of the governor general and on the report of the committee on finances; then they are adopted or rejected by the superior council of the Algerian Government, and finally, if adopted, they are made effective only by a decree of the French Council of State. These decrees fix not only the rates but the extent of territory affected, the division of the proceeds, etc.

The Algerian octroi de mer falls on sugar (at 25 francs per 100 kilograms), tea, coffee, pepper, vanilla, alcoholic beverages, mineral oils, and spices. Its rates for the most part are much less than those of the French tariff.

The consumption duties fall on sugar, alcohol, and tobacco. The tax on sugar takes the form of a customs duty, and its rate was placed in 1904 at 10 francs per 100 kilograms of refined sugar contained in the raw product, and 12 and 13.90 francs for refined and candy sugars. This tax, therefore, combined with the octroi (then 15 francs) brought the total imposts on these various grades of sugar to 25, 27, and 28.90 francs. The French refining tax of 2 francs per 100 kilograms on refined sugar is not collected in Algeria, where

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14 Table C of the French tariff gives surtaxes applicable to products of European countries imported from a country other than the country of production.
15 Table D gives surtaxes applicable to products of a non-European country imported from a country in Europe.
17 The list and the rates have been almost unchanged for many years. From Jan. 1, 1919, the rate of 25 francs per 100 kilograms of sugar superseded that of 15 francs.
18 A decree of Dec. 31, 1889, imposes a consumption duty of 320 francs per kilo upon saccharine and other artificial sweeteners.
there are no refineries. The Algerian rates, however, were almost identical with the taxation in France—including this refining tax—for aside from the surtax on foreign sugars all sugars paid there 25, 27, or 28.75 francs per 100 kilograms, according to grade. Since sugar from France pays in Algeria the same consumption duties as in France, sugar refined in bond in France and released for consumption in Algeria does not pay the French consumption tax required of the like product released for consumption in France.

The consumption tax on tobacco is graduated according to the retail prices of cigars, cigarettes, and other tobacco. Alcohol and alcoholic beverages paid before the war an octroi of 50 francs per hectoliter of pure alcohol and a consumption duty, 127 francs in 1892, increased in 1912 to 167 francs, plus a surtax of 1 franc. The total of these was thus very close to the French consumption tax of 220 francs.

Transportation in French ships is required.—Article 1 of the law of April 2, 1889, reads "navigation between France and Algeria may be effected only under the French flag." In October, 1893, this law went fully in force. It was amended in 1909 by a provision which allowed trade in foreign vessels in case of the stoppage of French shipping by strike or other emergency. Because of war conditions the law of 1889 was suspended by decree of May 29, 1915, and this suspension was later extended for a period of two years after the war, i. e. to October 25, 1921. Tunisian and Morocco vessels have now been admitted to this Franco-Algerian trade and to the rest of the French coasting trade. This bringing of the trade with Algeria under the rule for the coasting trade is the most drastic limitation found in respect to navigation in the French colonial system, though less drastic provisions have in certain cases much the same effect. Here there is a flat prohibition of the use of foreign vessels; in other cases—in the requirement of the use of French vessels in the Tunisian trade and in the requirement of direct importation for goods benefiting from the minimum tariff or other tariff concessions—there is no actual prohibition, and foreign vessels may be freely used or indirect importation employed subject only to the payment of the maximum tariff rates.

Trade with Algeria being considered coasting trade, merchandise arriving in French vessels pays neither the registration (statistical) fees of the law of January 22, 1872, nor the wharfage fees (droit de quai).

Export duties and restrictions are few.—Disregarding the many recent prohibitions due to the European war, and to the drought
of 1920, the restrictions on exportations are not numerous. The only export duty of long standing is that on phosphate of lime, which pays 50 centimes per ton. Prof. Girault speaks of this as a purely fiscal tax and the American consul states that it is levied on phosphate of lime because practically the whole product is exported, and therefore the tax is most easily collected as an export tax.

During 1913 there was a temporary prohibition on the exportation of ewes less than 5 years old; this was renewed by decree of March 7, 1914, for five years, to be effective, however, only in the second half of each calendar year. The export of young date trees (variety Deglet Nour) has also been limited, but by administrative action rather than by law.

**Algerian exports to France are free.**—Under the laws of 1851 and 1867, Algerian products entered France free, if imported directly; so also did foreign goods nationalized by the payment of duty in Algeria, unless the special Algerian tariff was less than the French, in which case the difference was collected in France.

Table E of the tariff of 1892 imposed on colonial products from the French possessions either the full French duties, as in the case of sugar, or one-half thereof, as in the cases of coffee, cocoa, and spices. After some changes in the rates, the items in this table were reduced, in 1913, to sugar, sugared products, and pepper. But a special paragraph of Table E provides that "bonbons, sweet biscuits, preserves, candied fruits, [and] sweetened condensed milk, of Algerian origin, shall be admitted free of duty."

The sales tax imposed by the law of June 25, 1920, carried with it as a compensatory duty, a special duty upon all imports except those subject to the luxury taxes. This duty was applicable to imports from Algeria, according to a ruling of the French Minister of Finance. Its rate was 1.1 per cent of the value of the article in France, duty paid.

The prohibitions or restrictions of the French tariff in the interest of public order apply to Algerian goods. For instance tobacco, matches, and playing cards may not be imported into France, and even the tobacco of the French Government monopoly, sold in Algeria at special rates, may not be reexported to France.

**Differential Features—Summary.**

Summing up the discriminations found under the seven heads enumerated above:—trade between Algeria and France, and between Algeria and the assimilated colonies is free of customs duty. Exports from Algeria to the nonassimilated colonies also enter free. The only duties paid in all this trade are certain consumption duties which fall on only half a dozen articles in France, on a score in Algeria, and on nearly all of the articles of the tariff schedules in some of the colonies. In all cases these duties are paid also by all

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29 Export duties (a "production tax, leviable only on exportation") limited to the two years from Jan. 1, 1916, were put on grains, fruits, animals, wine, iron ore, etc.—23 items—according to a decree of Dec. 28, 1916, J. O., Dec. 31, Cerc. 4732, Jan. 11, 1916. Export duties in place of embargoes were placed upon horses, asses, and mules by decree of Aug. 4, 1920.


31 It may be noted that about seven-eighths of the export is to countries other than France; but phosphates are so commonly subjected to export duties or royalties that the destination is without significance; and see p. — for the incidence of export duties.
foreign goods. Algeria as a preferential market for the products of France and of the assimilated colonies is protected by the full French tariff, both general and minimum, except for Algeria’s lower tariff on coffee, spices, and tobacco. Algerian goods in the French market and in the assimilated colonies are also protected by the full French tariff, except for the special reductions established by decree in the tariff of the assimilated colonies. Algerian goods in the special régime colonies are protected by their special tariffs, lower than the French.

The carrying trade between France and Algeria is confined (except in emergencies) to French ships, and direct transportation is required for all goods between Algeria and the assimilated colonies, except those which would be admitted free from any source.

The system exhibits the following elements of commercial equality: Imports from the nonassimilated colonies pay the same duties in Algeria as goods from foreign countries which are entitled to the minimum tariff, except that the increases made in the minimum tariff in 1910 do not apply to colonial imports. Algerian goods receive no preference in the open-door colonies. Throughout the system consumption duties are paid equally on goods of every origin. The consumption duties, of Algeria, however, do not fall on any of the characteristic French exports, except alcoholic drinks, which are almost universally taxed for purposes of revenue, and sugars, in regard to which a substantial differential is expressed in the customs duty. The only export duty levied in Algeria is not discriminatory in law, but it falls on an article the great bulk of which goes to countries other than France.

THE PROTECTORATE OF TUNIS.

COMMERCIAL IMPORTANCE.

In total commerce, Tunis takes its place among the French colonies far behind Algeria and Indo-China, and in recent years it has been passed by Morocco. Its total trade before the War was only one-half that of Indo-China and one-fourth that of Algeria. Its population is in the neighborhood of 2,000,000, and of these only about 50,000 are classed as French. The Jews number about 50,000. In 1913 the other foreigners numbered 126,800, of whom 112,000 were Italians.

TARIFF HISTORY—ESTABLISHING OF DIFFERENTIAL TARIFF.

Tunis became a French protectorate in 1881, but Tunisian treaties in force with a dozen countries prevented any preferential commercial arrangements at that time. In 1896 and 1897, by new treaties or declarations on the part of Austria-Hungary, Italy, Russia, Switzerland, Germany, Spain, Denmark, England, Sweden and Norway, Holland, and Greece, the French Government swept away practically all the restrictions upon the Tunisian tariff system, except the obligation under the most-favored-nation clause that the rates

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32 Documents Diplomatiques: Revision des Traites Tunisiens, 1881-1897.
33 Cottions from the British Empire were guaranteed a rate not exceeding 5 per cent until 1912 and for six months subsequent to the denunciation of this provision. This denunciation did not take place until Mar. 19, 1912. Tunisian imports of British cottons were, in 1910, 25,116 quintals and in 1920 only 10,888, while imports from France in 1920 were about three times as great as in the preceding year. L'Affrique Francaise, Sept., 1921, Sup. p. 208.
should be equal for the products of all countries other than France. Accordingly the Bey’s Government issued decrees on May 2, 1898, naming duties on 829 import items and 13 export items, following in general the classification of the French tariff, and creating a free list for French goods, including Algerian, but not for colonial goods. Imports from France were required to come by direct transportation and with special certificates of origin. ‘‘Directly,’’ however, was interpreted in a circular of October 1, 1899, to mean only that the goods should not have been transshipped in a foreign port nor the vessel have been loaded with any similar goods in any port of call other than French and Algerian.

Features of the Tariff System of Tunis.

Tunis has had since 1898 a protective tariff based on the French schedules of classification and protecting French industry. The rates were largely those of the French minimum tariff until June, 1921, when the French maximum rates were put into force in nearly all the schedules. The general free list includes raw materials and agricultural implements, and there is a special free list for French products including some of the chief classes of French manufactures.

There is a short list of export duties. The chief Tunisian exports have been granted since 1890 free entry to France, or, in the case of wine, a reduced rate.

No tariff favors are extended either unilaterally or reciprocally in the trade between Tunis and the other French possessions except in that with Algeria.

Many products from France and Algeria enter free.—One of the decrees of May 2, 1898, enumerated the articles of French or Algerian production which should enter Tunis free, if imported directly. The list included living animals, woools of all kinds, silks, sugars, olive oil, linseed oil, castor oil, wines, brandies, liquors and pure alcohol, metals, yarns and textiles, embroidery and clothing, engines and machines, works in metal, jewelry and watches, carriages, rigging and metal and textile apparatus for boats—in a word, ‘‘nearly all the products of the great metallurgical and textile industries.’’

The list remained the same in 1914 except that there had been added, in 1900, butter; in 1904, dynamite and all explosives other than gunpowder; and in 1907, beans. In 1912, Tunisian imports from France and Algeria to the value of 98,000,000 francs paid duties of 1,482,000 francs, or an average rate of 1.51 per cent. Imports from other countries valued at 58,300,000 francs paid duties of 6,365,000, or 10.9 per cent.

Rates on foreign goods.—The older Tunisian tariff had contained a general rate of 8 per cent, the maximum allowed by the British treaty of July 19, 1875, and in 1898 this rate was retained in many

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5 The revision of 1914 followed somewhat more closely the French classification of 1910.
6 This last clause was added by a decision of Aug. 4, 1906. See introduction to the Tarif des Droits de Douane, issued by the Tunisian Direction Générale des Finances, 1914. This publication gives the additional import duties, the export duties, the prohibitions, etc.
9 Art. 7. The treaty provided for the free importation of agricultural machinery, forbade monopolies and prohibitions of exports, etc. Other nations shared these benefits through the operation of most-favored-nation clauses in their treaties. See Documents Diplomatiques, cited above.
schedules. But to the greater part of the manufactured articles the rates of the French minimum tariff were applied, thus giving the French the same protection in the Tunisian market as at home, since these articles for the most part were the ones admitted free from France. Lower rates than the French minimum were also to be found; and there was a considerable free list.

The tariff of 1914 consolidated minor changes made since 1898, and substituted specific rates for practically all items previously appearing at 8 per cent ad valorem 40. Some points in which this tariff differed from the French may be noted. Chemicals, paper, and many articles of food and drink, and of wood, stone, leather, rubber, asbestos, felt, and rattan, formerly paid 8 per cent and now appeared at rates generally one-half to one-third as great as those of the French minimum tariff. Watches paid 1 per cent, or 1/4 per cent. In many schedules, e.g., in the schedules covering pig and bar iron, yarn, engravings, and machine parts, the classification was not carried so far as in the French tariff, and the lower rates of the articles less advanced in manufacture applied to the whole schedule. Live animals had lower rates than in France. A very few items, e.g., olive oil, had rates higher than in France. 41 To the list of articles free in the French tariff schedules there were added in Tunis tools, agricultural implements, scientific apparatus, and various materials which have had but little labor applied to them. For instance, applied to cotton, any operation beyond ginning, subjects the commodity to a duty under the French tariff; Tunis admitted cotton free after it had been bleached, washed, and dyed. Many of these differences were due, not to the failure on the part of the Tunisian Government to adopt the French schedule in 1898, but to changes in the French classification and rates, since that time, chiefly in 1910. This explains, e.g., the differences in cotton just mentioned and practically all the differences in irons and machinery parts referred to above. But changes in the French tariff have often been reflected promptly in the Tunisian tariff, e.g., the increase of the rate on automobiles to 70 per cent ad valorem in 1916, and its reduction for machines weighing less than 2,500 kilos to 45 per cent by Tunisian decree of January 5, 1920.

A further step toward complete assimilation of the tariffs of France and Tunis was taken on December 19, 1919. By decree of this date the rates of the French minimum tariff were made applicable to the Tunisian schedule of cotton fabrics, instead of the ad valorem rate of 5 per cent stipulated in the Franco-British treaty of 1897.

During the war and the reconstruction period the control of trade by means of embargoes, prohibitions, and licenses was even more effective than the assimilated tariff schedules in reserving colonial trade to the French. While certain of the embargoes upon exportation aimed at the preservation of necessary supplies in Tunis and prohibited exportation even to France most of the embargoes related only to countries other than France.

40 The Tunisian Government affirms that these specific rates are the exact equivalents of the old ad valorem rates on the basis of the average prices for the three years preceding 1914. Tarif des Droits de Douane, 1914, p. III.

41 The treaty of Sept. 20, 1896, with Italy, forbade rates higher than those of the French minimum tariffs, except on oils and oil seeds, until Oct. 1, 1965. There has been no general revision of the tariff since then, except as above stated.
By a decree of May 19, 1920,\(^4\) the merchandise of German origin was made dutiable at the rates of the French general (maximum) tariff as raised recently by means of coefficients of increase. The differentials against German goods as compared to other foreign goods were thus the differences between rates equal to or lower than the old French minimum rates and the old French general rates multiplied by 2, 3, or some other coefficient, as described on page 155. Further, the French surtaxes upon the indirect importation of European and non-European goods are imposed in the case of goods of non-German origin imported through Germany.

While coefficients of increase have not been used in Tunis except for German goods, the protection afforded to French products was greatly increased in June, 1921, by applying to foreign products the new and higher rates of the French maximum tariff contained in the decree of March 28, 1921 (see page 156).

**Additional duties fall equally on French and on foreign goods.**—No less than five other taxes are collected by the customs administration in Tunis, all of which, like the octrois de mer in the French colonies proper, fall on French as well as on foreign goods; and indeed the products of Tunisian fisheries and vegetables carried in the coasting trade pay also to a certain extent. The duty called droit de consommation falls on alcohols, sugars, petroleum,\(^3\) coffee,\(^3\) explosives, and the vegetable fibers called alfa and diss. The droit d'entrée falls on wool, camels' and goats' hair; butter, vegetable oils, and animal wax; fruits and grains; fish and shellfish; firewood, etc.; tanning stuffs; stone, bricks, tiles, cement, and pottery. The circulation tax falls on peas and other dry vegetables, sorgho and holba, at 25 or 35 centimes per 100 kilograms net. The tax of 1.70 francs each on mechanical lighters is called a taxe interieure. There is also an inspection fee or taxe sanitaire on farm animals, fresh or salted meat, and raw hides, not exceeding 1 franc per head or per 100 kilograms.

Some of these additional duties are upon articles not taxed by the regular customs duties (grains, wool, some tanning stuffs) and some are higher than the tariff rates,\(^4\) but the majority are considerably lower.

Foreign products receive no preference by reason of having paid a duty in France; and goods from French colonies are treated as foreign.

**Prohibitions are comparatively numerous.**—The restrictions and prohibitions on imports, even before the war increased them tenfold, were comparatively numerous. They were chiefly on arms and munitions of war, powders except in cartridges, salt, tobacco and several other drugs, matches, playing cards, pirated books, certain kinds of wines, and an extensive list of animals and vegetables which were admitted, if at all, only after careful sanitary inspection. Animals, plants, arms, explosives, and wine might be imported or exported only through a few ports, enumerated for each article.

**Export duties and restrictions are few.**—Export duties are levied on a few articles, chiefly the following: Olives, 4 francs per 100 kilograms

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\(^3\) Added Jan. 1, 1920.

\(^4\) Butter from countries other than France pays a duty of 6 francs and a droit d'entrée of 10 francs.
net; olive oil, 9.50 francs per 100 kilograms net\(^{45}\); hides and skins, 16 to 24 francs per 100 kilograms net\(^{45}\); colts, 50 and 75 francs each. The duty levied on exports of fish (other than tunny and botargo)—2 francs per 100 kilograms—is distinguished by being designated a statistical fee. Similarly, phosphates and superphosphates pay "extraction" duties of 50 and 25 centimes per ton\(^{46}\); and iron ore pays a tax representing 5 per cent ad valorem, f. o. b. at the port of departure, but with a limit for each mining company, so that the amounts paid per ton vary; none exceed 50 centimes per ton. Vegetables pay, on exportation, if they have not already paid it, the droit de circulation, and alfa and diss pay the droit de consommation; farm animals, meat, and hides pay the same inspection fees as upon importation. Two differential features have recently been introduced into the Tunisian export schedules. The export duties on live stock are no longer levied upon exports to France and Algeria,\(^{47}\) and the 2 per cent ad valorem levied upon lead ore by the decree of May 16, 1917, was never exacted when France was the destination. The export of gravid cows and ewes, of game (except boars and animals for collections), and of the offshoots of the deglas date \(^{48}\) is prohibited. No antiquities may be taken from the country without special authorization.

TREATMENT IN FRANCE OF IMPORTS FROM TUNIS.

The inauguration of the French protectorate over Tunis in 1881 did not operate to bestow on Tunisian products even most-favored-nation treatment. The French colonists in Tunis obtained no concession until 1890, at which time their most important products—chiefl}^y grain, olive oil, and animals—were admitted free. A special tariff was established for their wines.\(^{49}\) Other products, except those named in Table E of the tariff,\(^{50}\) obtained the lowest rate payable by similar foreign products, i. e., now, the minimum tariff. The following conditions were attached to this extension of tariff favors to Tunisian products and are, with slight modification, still in force:

(a) The goods must be accompanied by certificates of origin.
(b) They must leave from one of ten ports named (now increased to eleven).
(c) They must come "directly and without call from Tunis to France." This is interpreted, however, to allow calls at Corsican or Algerian ports, and regular lines are allowed to transfer cargoes from one vessel to another under certain conditions.\(^{51}\)

\(^{45}\) Rates in effect from Jan. 1, 1920. The previous rates on hides and skins were 4 to 6 francs.

\(^{46}\) In January, 1930, a surtax of 2 francs per metric ton was imposed on phosphates, with proportionate rates on superphosphates.

\(^{47}\) In 1912 the chief exports ranked as follows in millions of francs: Phosphates, 48; iron ore, 9; lead ore, 9; zinc ore, 3.2; olive oil, 21; wheat, 4.8; vegetable fibers, 4.2; hides, 3.5; dates, 1.4. The phosphate and the mineral industry has developed since 1890. The products named below were the most important exports at that time.

\(^{48}\) Commerce Reports, Sept. 10, 1920, p. 1182.

\(^{49}\) By decree of Feb. 4, 1914.

\(^{50}\) Wines from fresh grapes: Of an alcoholic strength of 11.9° or less, per hectoliter, francs 0.60 (not including the internal revenue tax); of a superior strength, the foregoing duty plus 70 centimes for each degree above 11.9°. This last is the equivalent of the minimum duty on alcohol.

\(^{51}\) The law of Aug. 5, 1913, reduced Table E to sugar, sugared products, and pepper. These do not appear among the exports of Tunis to France and the failure of the law to specify their status appears immaterial.

(d) The goods must come in French ships. It should be noted that all these conditions are attached not only to the products admitted into France free as a special favor, but also to those admitted at the minimum tariff. Thus, importation in foreign ships or indirect transportation in French ships is penalized in the case of all goods imported into France from Tunis except in the case of goods on which the French tariff exacts no duty, or on which it makes no distinction between the general and the minimum rate, or in the case of a product which, because the quota allowed on that article for that year has already been exceeded, is no longer entitled to the exemption or to the minimum tariff, as the case may be.

(e) The first three articles of the law of July 19, 1890, grant respectively to limited quantities of Tunisian goods entering France either free entry or a special tariff rate or most-favored-nation treatment. The quantities to be admitted are determined yearly by decrees issued by the President of the Republic upon application jointly by the Ministers of Foreign Affairs, Finance, Commerce, and Agriculture. These decrees assign separate quantities for the different products specified in the law, and a limit is then set to the value of all other Tunisian products which may be imported at the minimum tariff.

In 1904 a second decree was issued increasing the amounts already fixed as the limit for wheat and barley. Objection was made that the object of the law had been only to allow the Tunisians to sell their surplus in France, but that the quantities named in this second decree allowed them to sell all of their produce and to import foreign cereals, untaxed, for their own consumption. A change was therefore made by which France admitted Tunisian cereals free without limitation of quantity, and the Bey adopted the rates of the French minimum tariff on cereals imported into his possessions. The same assimilation of the French and Tunisian tariffs took place in 1907 in regard to beans, except that the quantity admitted to France remains limited. In the spring of 1914 refrigerated meat was added to the list of Tunisian products entering France free in limited quantities, i.e., a part of the total quotas of cattle, sheep, or hogs might enter as beef, mutton, and pork. By the decree of November 15, 1919, the whole quotas of these animals might be imported either on the hoof or as refrigerated meats. In 1915, oranges, mandarins, lemons, cedrats, dates, bananas, almonds, carobs, potatoes, and muscat grapes were added to the list. By decree of April 21, 1916, a duty was imposed in France of 13 centimes per kilo on lead ore and 35 centimes per kilo on pig lead and by the same decree lead or lead ore from Tunis was granted free admission up to a limit of 80,000 quintals every three months.

12 Suspended by decree of Nov. 27, 1915. C. cir. 4741.
13 The decree of Feb. 6, 1919 was issued on the proposal of the Ministers of Foreign Affairs, Finance, Commerce and Industry, Posts and Telegraphs, Maritime Transportation and Merchant Marine, Agriculture, and Supply (Ravitaillement.)
14 The earlier law also permitted the whole quotas to come in as meat if they were so specified in the decree fixing the quota for the year; but this was not done until the decree of Oct. 26, 1919, which fixed the quota for 1919–20. The decree of Nov. 15, 1919, accordingly adopts this change as permanent policy. The decree states that the change was proposed by the resident-general of Tunis on the request of the local chamber of commerce.
15 Law of Nov. 29, 1915. But potatoes and muscat grapes were not to be admitted during the French season for the article in question. The reduction of duty was not at first made effective except for grapes.
The commodities and the quantities specified by decree for admission from Tunis free or at a special rate in the years 1905–06, 1914–15, and 1919–20, are given in the following table:

### Table 7.—Quantities of Tunisian products authorised to enter France free or at special rates, for specified years.

<table>
<thead>
<tr>
<th>Article</th>
<th>Unit</th>
<th>1905–6</th>
<th>1914–15</th>
<th>1919–20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beans</td>
<td>Quintals</td>
<td>80,000</td>
<td>50,000</td>
<td>(3)</td>
</tr>
<tr>
<td>Horses</td>
<td>Head</td>
<td>1,500</td>
<td>1,300</td>
<td>1,300</td>
</tr>
<tr>
<td>Asses and mules</td>
<td>do</td>
<td>1,500</td>
<td>1,300</td>
<td>1,300</td>
</tr>
<tr>
<td>Cattle</td>
<td>do</td>
<td>25,000</td>
<td>24,000</td>
<td></td>
</tr>
<tr>
<td>Sheep</td>
<td>do</td>
<td>100,000</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Goats</td>
<td>do</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Pigs</td>
<td>do</td>
<td>1,500</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Game</td>
<td>Kilograms</td>
<td>1,20,000</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>Birds</td>
<td>do</td>
<td>8,000</td>
<td>8,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Articles admitted at the minimum tariff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wine of fresh grapes</td>
<td>Hectoliters</td>
<td>8,000,000</td>
<td>6,000,000</td>
<td>15,000,000</td>
</tr>
<tr>
<td>Olive oil</td>
<td>Kilograms</td>
<td>8,000,000</td>
<td>6,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Refrigerated mutton</td>
<td>Tons</td>
<td>80,000</td>
<td>50,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Refrigerated beef</td>
<td>Tons</td>
<td>100</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Muscat grapes</td>
<td>Quintals</td>
<td>30,000</td>
<td>15,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Oranges</td>
<td>do</td>
<td>112,000</td>
<td>50,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Mandarins</td>
<td>do</td>
<td>120,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Lemons</td>
<td>do</td>
<td>120,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Cedars</td>
<td>do</td>
<td>120,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Carobs</td>
<td>do</td>
<td>120,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Bananas</td>
<td>do</td>
<td>120,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Dates</td>
<td>do</td>
<td>120,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Lead or lead ore</td>
<td>do</td>
<td>80,000</td>
<td>50,000</td>
<td>25,000</td>
</tr>
</tbody>
</table>

1 Decree of July 4, 1905, for year ended June 1, 1906.
2 Decree of May 27, 1914, for year ended May 31, 1915.
3 No decree relating to beans has been found for 1919–20.
5 Decree of Aug. 15, 1915, for year ended July 31, 1916.
6 Decree of April 21, 1916, fixing the quota at 80,000 quintals for each three months.

This free admission of Tunisian products has met with considerable opposition from French agricultural interests. They point out that the annual determination of the quantities to be admitted has been no real limitation—as soon as the total specified is reached its amount is increased. "Tunis is predominantly an industrial country; agriculture has developed there only slowly, and rare have been the years when it has sent us the quantity of products provided for in the annual decrees." In spite of the promise made by M. Ribot, minister of foreign affairs, when the law of 1890 was under discussion, that the entry of wine at the special rate would not be authorized at a quantity exceeding three-fourths of the Tunisian product, it would appear that 1898 was the last year in which the quota was less than the total production. In view of the increased plantings in Tunis and because the quota of wine had been nearly reached in 1911, the agricultural interests of France brought forward a bill to limit the importation of
Tunisian wine to 200,000 hectoliters annually—the figure at which it had stood in most (perhaps all) of the years from 1901 to 1911. At this moment the Government increased the quota to 250,000 hec-
toliters. Other products furnish similar illustrations of the way in which the quotas have kept ahead of production. Up to 1911 Tunis
exported no hogs to France; the quota was fixed at 1,000 head; in 1911 there was an exportation of 123 head and in 1912 of 2,242 head; and for 1913 the quota was raised to 3,000.56

THE DIFFERENTIAL FEATURES—SUMMARY.

To sum up, a very considerable body of French and Algerian goods, including, among others, “nearly all the products of the great metal-
lurgical and textile industries,” enter Tunis free, whereas the great
bulk of foreign manufactured goods pays in Tunis the rates of the French minimum tariff although many foreign articles pay a lower rate57 than the French minimum tariff and there is also a consider-
able free list. Moreover, because of a less detailed classification of goods in the Tunisian than in the French tariff and of the application of the rates for goods less advanced to those which are more advanced in the process of manufacture, the tariff differential in Tunis is not so
great as in France.

In addition to the customs duties there are various other charges more or less like the octrois de mer, which fall equally heavily upon
French and upon foreign goods. In the case of these charges France has no differential advantage.

There is a relatively long list of goods the importation of which is prohibited or restricted for reasons of social welfare.

There is a short list of export duties, but these are not onerous.

Tunisian goods imported into France are either free of import duty or, in general, pay the minimum tariff rates. By exception, wines from Tunis have a special low rate. To enjoy the advantage of the minimum tariff rate in France, goods from Tunis must have their origin properly certified, must depart from certain specified ports, and must be shipped “direct” to France in French ships. Decrees issued by the President of France set limits to the quantities of speci-
fied products which may be admitted in a given year free of duty or at special rates, and to the total value of the products to be admitted under the minimum tariff.

THE NONASSIMILATEDColonies.

CLASSIFICATION OF NONASSIMILATED COLONIES.

The usual classification of the French colonies into assimilated and nonassimilated, however sufficient from the point of view of the legal provisions controlling the situation, is inadequate for a pre-
sentation of the actual tariff differences. It affords no indication of the peculiarities of the Tunisian tariff, and makes no distinction among the nonassimilated colonies whose tariff systems are by no
means uniform. In all, it may be noted, the tariffs are established

56 Barthe, Ed.: Rapport * * * Régime douanier des Produits Marocains importés en Algérie, pp. 62 ff.
57 Approximating the older Tunisian 8 per cent ad valorem rate.
by decree, but in some the Government actually has a free hand continuously, while in others it is bound for certain periods by treaties; some have special régimes in which certain preferences are afforded to French trade; others are open-door colonies where all countries enjoy equal commercial opportunities. Specifically, in West Africa, Oceania, and St. Pierre and Miquelon, special tariffs are instituted by decree; in Morocco, the Congo Basin, Dahomey, the Ivory Coast, and the New Hebrides, the open door is guaranteed by treaties; in Somaliland, Kwangchow Wan, and French India the open door and free trade are established by decree. 56

**GENERAL TARIFF POLICY.**

_The law._—Article 3 of the law of January 11, 1892, after establishing Table E for the products of the assimilated colonies imported into France, continues:

The French territories of the western coast of Africa (with the exception of Gaboon), Tahiti and dependencies, the French settlements in India, (and) Obock [i.e., French Somaliland], 56 * * * are excepted from the stipulations of Schedule E. Longcloth of French origin coming from the French settlements in India shall, however, be free of duty. Exemptions from or reductions of duty may, in addition, be granted for other natural or manufactured products originating in the above-mentioned settlements in accordance with the lists provided for each settlement by decrees issued by the Council of State. Natural or manufactured products originating in the aforesaid settlements, and for which no exemption or reduction has been granted, shall, when imported into France, pay the duties stipulated in the minimum tariff.

_General features.—_Products of nonassimilated colonies pay minimum tariff rates in France and Algeria._—From the preceding paragraph it is apparent that the products of these nonassimilated colonies upon entry in France or Algeria pay the French minimum rates unless, in the case of imports to France, the Government has by decree granted exceptional reductions or exemptions, or, in the case of imports to Algeria, the special Algerian rates are lower than the minimum rates of the French tariff. The Government is not permitted, by provisions of the law, to impose rates higher than the minimum on goods from these colonies entering France; but it may grant rates lower than the minimum. The provision for the free entry of the longcloth of French India is exceptional in the legislation for nonassimilated colonies. It is not subject to change by decree. A similar exception is made in Nos. 90 to 95 of the French tariff schedules, in which the colonies are granted 59 in the text of the law a rate lower than the French minimum on their sugars and sugared products. At any time the Government may also be restricted by treaty provisions, such as that which until recently limited the preference that might be granted to colonial sugars.

_The French Government establishes by decree special tariffs in the nonassimilated colonies._—The rates to be collected in these colonies, whether on French or on foreign goods, are not mentioned in the law of 1892, and they are thus left to be determined, according to the régime in force for decades, by decrees. The absolute control of the Government over the whole situation—to determine whether there

56 In the case of Somaliland and the French establishments in India (and apparently Kwangchow Wan) the French Government has indeed the power to decree special tariffs, but has used it to institute régime not only free from all preferences but almost without duties of any sort.

59 Note also the provision in article 7 of the law of Mar. 29, 1910, that increases made in the French tariff at that time should not apply to the colonies until new decrees had been issued revising their tariff systems.
shall be import, export, or transit duties, and whether these shall be high or low, differential or nondiscriminatory—is limited only by the necessity of asking the advice of the local councils before decreeing any changes. In practice the differential tariffs of the special régime colonies are made up of customs duties decreed by the French Government and imposed only on foreign goods, and consumption duties decreed only after they have been passed by the local councils (with or without pressure) and imposed on all goods; but there is nothing in the law to prevent the tariff itself from containing maximum and minimum rates—as occurs in that of New Caledonia in the case of a score of articles—or from containing other kinds of differential provisions. Again, by treating the customs and consumption duties as parts of a composite measure, as was done in regard to West Africa in 1905, the Council of State, as the body of widest authority, may take full jurisdiction over both kinds of duty. In a number of cases, colonial tariffs have been regulated for specified periods of time by treaties, but otherwise, except for occasional direct legislative action (presumably upon the initiative of the Government), the tariffs affecting the nonassimilated colonies are absolutely within the discretion of the Government in power in France, in respect both to colonial exports entering France and to foreign goods entering the colonial market. In addition, most of these decrees which grant reductions or exemptions from the French tariff have required the President, i. e., the ministers of colonies and of finance, to specify annually the quantities of goods that might enter under the privileged rates. The quantities specified have sometimes been varied widely, but the tariffs have been but little changed during the last 20 years.

Intercolonial trade is free.—Intercolonial trade is free without regard to the respective classifications of colonies between which goods pass, with the exception that from French India limited quantities of yarn and cloth—but these only—enter the other colonies free.

Direct transportation is required for all goods for which special reductions or exemptions are to be claimed in the French or colonial market.

Whenever special exemptions or reductions are granted to colonial products entering France, provision is made to prevent similar foreign goods gaining the benefit of these favors to the colony by shipment first to the colony and then to France. In these cases the foreign goods must pay, on entering the colony, either the full French tariff rate (in case the colonial product is exempt) or the difference between that rate and the special rate granted to the colonial goods.

Where goods are admitted temporarily into France duty free in order to be further elaborated in manufacture, the manufactured goods if exported to these colonies are classed as French goods and enter the colony free.  

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60 I. e., up to the limit of the minimum tariff.
61 Tunis, Morocco, and the New Hebrides are not "colonies" within the meaning of this rule.
62 Although if these goods had been sold in France they would have had to pay duty there on the foreign material contained in them.

While treaties have been much more important in the history of the nonassimilated colonies than in that of the assimilated colonies, as none of the former have tariffs divided into maximum and minimum schedules, the question whether the commercial treaties which extend the minimum tariff of France to various countries do or do not include them, is of no interest.
THE TARIFF SYSTEMS OF THE NONASSIMILATED COLONIES SUMMARIZED.

The important features of the tariff policy of France in the open-door and special régime colonies may be summarized as follows:

In Morocco and the Condominium of the New Hebrides the French have not been free to fix their own tariffs. In Morocco old treaties with individual countries limited the tariff rates to 10 per cent ad valorem and forbade discrimination. The act of the Algeciras conference, 1906, limited the rates to a total of 12½ per cent and further guaranteed commercial equality. In the New Hebrides, under the joint control of the two Governments, the necessity of satisfying the English free trade Liberals limited the making of rates and the tariff was essentially for revenue only, though the rates on spices show clearly that the French influence has prevailed in part.

In Equatorial Africa, West Africa (Senegal and Guinea), Dahomey, and the Ivory Coast there are simple tariff systems approximating—so few comparatively are the exceptions—a flat rate of 10 per cent or 12 per cent upon all imports, but with the 12 per cent of West Africa (Senegal and Guinea) reduced for French goods to 5 per cent. These territories are all undeveloped and uncivilized as compared with Algeria, Tunis, Indo-China, and the older colonies, as may be seen from the figures of their commerce per capita. In the first of them the French had agreed to the open door in 1885, before the assimilation policy was applied to the colonies generally (1892) and at a time when their possession was none too secure. In Dahomey likewise they had agreed during the same period (1887) upon a common tariff with German Togoland. The existence of other colonies on the coast line of West Africa, competing for the trade of the common hinterland, was another reason for not including West Africa among the assimilated colonies, and for fixing a simple tariff system with rates moderate as compared with those of the French tariff. The treaty of 1898 with Great Britain perpetuated the open door in Dahomey and the Ivory Coast.

French Somaliland apparently had not at the time when the policy of assimilation was originally adopted (1892) enough trade to warrant the keeping of records, and so it was not included in the plan. More recently a considerable amount of the commerce of Abyssinia passes through Somaliland, and to levy a duty upon it would mean to deflect it through other channels. Accordingly no import duties are levied here. The French establishments in India must also rely commercially upon their transit trade with the continent behind them, and any duties which their tariffs might impose would be differentials against them as ports of entry. Their situation demands free trade, with such minor exceptions as fiscal requirements impose.

In the small isolated colonies of Oceania, and in St. Pierre and Miquelon special tariff schedules are found, not indeed to be compared in length and complexity to those of France and Tunis, but very long as compared to the exceptions scheduled for the assimilated colonies. Their rates are very much lower on the average than the

63 By the treaty of Versailles Germany lost her right to equality of treatment and discriminatory rates have been imposed upon German trade.

64 In power after December, 1905.
French, and the protection afforded to French trade is thus much less than in the assimilated colonies.\(^6\)

In most of these colonies there are export duties. In the decade before the war, however, the long lists previously found in Equatorial and West Africa, including Dahomey and the Ivory Coast, had been cut down to 7 per cent on rubber in West Africa and 10 per cent on rubber and ivory in Equatorial Africa. Oceania levies export duties on copra, phosphates, and mother of pearl, but not on vanilla—her most important export and one of which only a small fraction goes to France. The duties on the exportation of mother of pearl from Oceania and of hides from Somaliland were formerly differential, in that they were not levied on exports to France. Somaliland and Morocco have long and varied lists of export duties. If any discriminations exist in any of these export duties they are carefully concealed; their prime purpose is obviously fiscal.

The products of all of these colonies pay in France the rates of the minimum tariff, but concessions on one or more of their products have been granted to Senegal, Upper Senegal-Niger, Guinea, Dahomey, Ivory Coast, Congo Basin, French India, Oceania, and New Hebrides, respectively.\(^6\) The longcloth of French India enters France free under the law of 1892 (quoted on p. 192), but for the other colonies the exemptions are made by decree of the Council of State under the general power conferred by that law.

The following table shows the date and the rate of these special concessions decreed for products of nonassimilated colonies on their entry to France. Unless otherwise stated, the quantity so admitted is limited by a figure set by decree, annually. "Not in effect" means that the decrees fixing the quantities have not been issued because, except in the case of maize, none or practically none is produced in the colony named.

**Table 8.**—Rate of special concessions for products of nonassimilated colonies entering France.

<table>
<thead>
<tr>
<th>Article</th>
<th>French tariff rate (1914) per 100 kilos</th>
<th>Special colonial rate</th>
<th>Senegal, Upper Senegal and Niger,(^6)</th>
<th>Guinea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm, touloucouma, illipé, and palmate oils.</td>
<td>1 franc</td>
<td>Free in unlimited quantity</td>
<td>June 30, 1892</td>
<td>June 30, 1892</td>
</tr>
<tr>
<td>Building timber, cabinet woods, scented woods.</td>
<td>136 francs</td>
<td>Various, some free</td>
<td>Do</td>
<td>Do</td>
</tr>
<tr>
<td>Coffee in the bean.</td>
<td>416 francs</td>
<td>208 francs</td>
<td>Sept. 14, 1908, not in effect</td>
<td>Sept. 14, 1908, not in effect</td>
</tr>
<tr>
<td>Vanilla</td>
<td>5 francs</td>
<td>Free</td>
<td>Aug. 22, 1898</td>
<td>Aug. 22, 1898</td>
</tr>
<tr>
<td>Bananas</td>
<td>104 francs</td>
<td>52 (95) francs</td>
<td>Do</td>
<td>Do</td>
</tr>
<tr>
<td>Cocoa in the bean or shell.</td>
<td>2 francs</td>
<td>2 francs</td>
<td>Do</td>
<td>Do</td>
</tr>
<tr>
<td>Cattle</td>
<td>35 francs</td>
<td>do</td>
<td>Oct. 28, 1914</td>
<td>Oct. 28, 1914</td>
</tr>
<tr>
<td>Sheep</td>
<td>3 francs</td>
<td>do</td>
<td>June 26, 1920</td>
<td>June 26, 1920</td>
</tr>
</tbody>
</table>

\(^6\) New Senegal, French Sudan, and Upper Volta.

\(^b\) Suspended by Arrêtés of Jan. 31 and Aug. 11, 1919, except as to sterilized products of these animals.

\(^6\) In the case of St. Pierre and Miquelon this represents acession made very recently (1912-1914) to colonial demands. That is, to all of the nonassimilated colonies, except Morocco, Somaliland and St. Pierre and Miquelon. Apparently, however, the fish of St. Pierre and Miquelon enter France free under the general designation of fish, the product of French fisheries.
The relative commercial importance of these colonies, so far as that is shown by the figures for gross commerce, is indicated by the tables 2 and 4 on pages 139 and 163.

### THE DIFFERENTIAL FEATURES—SUMMARY.

In the nonassimilated colonies the differential features are as follows: In the special régime colonies (West Africa, Oceania, and St. Pierre and Miquelon) foreign goods pay special rates which French goods and French colonial goods do not pay. In West Africa the rate is generally 7 per cent; in Oceania rates of 8 per cent, 10 per cent and 13 per cent are common; and in St. Pierre and Miquelon the specific rates are considerably lower than those of the French minimum tariff, and articles not enumerated pay 8 per cent.

The products of the nonassimilated colonies pay on entering France the minimum tariff rates, with the exceptions that (1) increases made in that tariff in 1910 have not been put in effect against them, (2) sugar from any of the colonies pays in France only the consumption duty, and (3) certain of their products, generally one or two for each colony, are allowed, at least in limited quantities, special reductions or exemptions. This last-named exception is of some importance, especially in reference to the fostering of new cultures; but as to the first and second exceptions, the nonassimilated colonies are not the sugar producing colonies, and the increases of the minimum tariff in 1910 were chiefly on manufactured goods and hence these exceptions did not greatly affect the exports from these colonies.

Direct transportation is required for all of these goods for which the benefit of special provisions is to be claimed. Foreign vessels may transport any of the trade between France and the nonassimilated colonies. They may even transport indirectly and without penalty for the indirection some classes of certain origin or destination, namely, all imports into the open-door colonies, imports on the free lists of the special régime colonies, and imports into France which are entitled to enter free or at a single rate of duty regardless of origin.

<table>
<thead>
<tr>
<th>Article</th>
<th>Dahomey</th>
<th>Ivory Coast</th>
<th>Congo Basin</th>
<th>Oceania</th>
<th>New Hebrides</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm, touloucouna, illipe,</td>
<td>June 30, 1892</td>
<td>June 30, 1892</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and palmiste oils</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building timber, cabinet</td>
<td>do</td>
<td>do</td>
<td>Apr. 22, 1899</td>
<td>Nov. 12, 1901</td>
<td></td>
</tr>
<tr>
<td>woods, scented woods.</td>
<td></td>
<td></td>
<td>124 francs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee in the bean</td>
<td>Jun 30, 1892</td>
<td>do</td>
<td></td>
<td>Nov. 12, 1901</td>
<td></td>
</tr>
<tr>
<td></td>
<td>not in effect</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vanilla</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bananas</td>
<td>Aug. 19, 1907</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cocoa in the bean or shell</td>
<td>Oct. 1, 1911</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maize</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheep</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pineapples</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

...
Most of the products of these nonassimilated colonies pay in France the minimum tariff rates, which are those paid by most foreign products.

To a noteworthy extent there is in the tariff systems of the non-assimilated colonies equality of treatment of French and foreign goods and shipping. Foreign goods entering the special régime colonies encounter more extensive free lists than are found in the assimilated colonies, while there are in the open-door colonies no discriminations at all in import duties. In none of the colonies is there any discrimination in the imposition of consumption duties or of export duties.

**Tariffs of Nonassimilated Colonies, Individually.**

**Special Régime Colonies—French West Africa (Senegal and Guinea).**

**Commercial importance.**—The colonies of Senegal, French Sudan, French Guinea, Dahomey and the Ivory Coast—to name only the provinces which have separate customs statistics—form French West Africa. Free trade was established among these colonies in 1902 and a general government was instituted in 1904, which includes among its functions the collection of all the duties, though these duties are not uniform. The population of this immense territory, almost half the area of the United States and its possessions, is estimated at 11,456,000, including 7,500 French and 1,000 other non-Africans. In 1919 the total trade was 616,000,000 francs, of which Dahomey and the Ivory Coast—which have one-fifth of the population—were credited with 167,000,000 francs.

**Tariffs in West Africa—Two types.**—A uniform tariff is a natural concomitant of the presence of a consolidated government, but the problem in French West Africa was complicated by open-door guarantees for Dahomey and the Ivory Coast, and by the fact that the coast line was broken by the interposition of Liberia, four English colonies, one German colony, and one Portuguese colony with diverse tariffs. As a result the system established by the decree of April 14, 1905, provides two different types of tariff for French West Africa. One, that in force in Dahomey and the Ivory Coast, is non-discriminatory, while the other, which is in force in the remainder of West Africa, is a preferential system containing a surtax which is levied on foreign products. This latter system, which had been applied in Senegal since 1872, was applied to French Guinea by the decree of 1905. In both the systems there is the same free list.

**The free list.**—The West African free list included in 1905 animals and fresh meat, fruit and vegetables, potatoes, unhusked rice, manioc.

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65 Known as Upper Senegal-Niger until the decree of Dec. 4, 1920. By decree of Mar. 1, 1919, the colony of the Upper Volta had been formed from part of Upper Senegal-Niger.

66 See statement of colonial minister, in Circular 3562. Before 1905 practically no duties were levied in French Guinea except 7 per cent ad valorem upon all exports of local products. Alcohol, whether manufactured locally or imported, was subject to a consumption duty. There were also import duties (according to the rule explained on p. 193) on those articles to which free entry into France had been granted; and the special duties (see p. 194 in.) upon articles imported indirectly were imposed in 1897. (B. 1. d. D., No. 75 and supplements 1-3.)

67 Except meat cattle of foreign origin imported into Guinea, Senegal, Upper Senegal, and Niger; these pay 30 francs (calves, 40 francs) per 100 kilograms. This rate, which is the maximum of the French tariff, was applied after limited freedom of entry into France was granted to West African cattle, in order to prevent evasion of the French duty through the shipment of foreign cattle to France via these colonies. In 1915, 102 head were imported into and 14,790 exported from West Africa. Similarly, bananas and pineapples are dutiable in Guinea.
and yams, agricultural machinery, coal, ships, scientific instruments, empty boxes and casks; in 1906 were added crude rubber, copal, and groundnuts; and in 1916, charcoal, ivory, and raw or crude hides, skins, wool, feathers, wax, and gum arabic.

**Differential duties.**—The preferential rates of West Africa outside of Dahomey and the Ivory Coast have been changed in only a few points since 1905. Up to the outbreak of the war, the only change of importance was that a decree of March 3, 1914, established a schedule of specific rates on 35 classifications of textiles. This change was made in order to avoid frauds and to increase the revenue of the colony, but the preamble of the decree continues: "But this proposal for a radical modification in the assessment of the customs duty upon textiles, an article which is imported in great quantities into French West Africa, should carry with it certain changes in the conditions of supplying this market. Accordingly, the department of the colonies has taken care to consult the principal industrial and commercial groups interested. Under the conditions in which they have been established these rates seem to be such as to reconcile the interests of African commerce and those of French industry, at the same time taking account of the fiscal necessities of the colony"—i.e., the differentials were upon the whole increased.

Only in the case of longcloth was the surtax less than the duty, the latter being 0.025 franc per meter and the surtax 0.006 franc. The decree of November 1, 1916, increased these rates to 0.029 and 0.06 franc, respectively. Otherwise it raised the droits d'importation on textiles by 15 per cent. and the surtaxes by 7 per cent. By decree of December 30, 1920, the specific rates on all textiles were trebled.

In 1916, 1917, and 1918 there were increases in the duties of French West Africa, but the system remains fairly simple. With the exception of textiles and about a dozen other chief articles of import trade, all articles, from whatever source, pay 5 per cent ad valorem as a droit d'importation, and all foreign goods pay a "surtax," or customs duty proper, of 7 per cent ad valorem. The ad valorem rates are on the valuation at the port of entry as fixed in an official table, or, on the articles not listed, the invoice value plus 25 per cent. The chief exceptions, in addition to textiles and to the free list, to the general rules that all goods pay an ad valorem duty and all foreign goods pay a somewhat greater surtax, are shown in Table 9, in which are included for comparison the rates levied in Dahomey and the Ivory Coast. The rates as given in the first three columns are those of 1918, except for alcohols for which the rate of May, 1921, has been inserted; the present rates are found by multiplying them by the coefficients of increase of December 30, 1920, June 11, or August 22, 1921, given in the last column. The importation of trade spirits has been prohibited.

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60 Decrees of May 2, 1906, and of Nov. 1, 1916.
62 The change from ad valorem to specific duties makes difficult a comparison between the absolute amounts of the differentials involved. Nearly one-half of the 35 classifications of textiles were given surtaxes somewhat less than the older proportion of 7 to 5 as compared with the import duty, but on the average the ratio of surtax to duty was increased. On several classifications the surtax became twice as great as the duty, and on men's old clothes more than twice as great.
63 This increase of rates slightly reduced the ratio of surtax to duty, and on those classifications upon which the surtax was twice or nearly twice the amount of duty it decreased also the ad valorem amount of the differential, but not enough to offset the increase in prices.
The above rates are applicable to West Africa outside of Dahomey and the Ivory Coast, but there are certain exceptional rates levied chiefly in the Casamance district of Senegal.\(^7\)

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\(^7\) Local variations—Longcloth is imported into Senegal in quantities by weight nearly equal to the imports of all other textiles combined. Its value, however, only a small fraction of the total. Before the law of 1905 unified the tariffs of Senegal and French Guinea this commodity paid in Senegal a duty of 0.025 francs per meter plus 0.65 franc surtax. The 5 per cent and 7 per cent rates introduced in that year reduced the protection on French goods by nearly one-half, the 7 per cent being equivalent to 0.0326 franc per meter. Protests were made; in 1906 the earlier rate was restored for Senegal only; and in 1911 it was extended to Guinea and Upper Senegal and Niger. In the same way the reduction made in 1914 of the protection on French longcloth throughout the remainder of West Africa did not long remain in effect, for the rate was increased in 1916 as stated above.

In the Casamance district of Senegal—the small strip between Portuguese Guinea and English Gambia—the special rates are as follows, the West African rates being repeated for comparison:

<table>
<thead>
<tr>
<th>Casamance.</th>
<th>West Africa.</th>
</tr>
</thead>
<tbody>
<tr>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Leaf tobacco, per 100 kilos.</td>
<td>100</td>
</tr>
<tr>
<td>Kola nuts, per 100 kilos.</td>
<td>65</td>
</tr>
</tbody>
</table>

In the remainder of Senegal the duty on kola nuts is 100 francs per 100 kilos.

Pineapples, bananas, and coffee from French sources enter Guinea free, while similar foreign products pay 3.5, and 78 francs, respectively, per 100 kilograms. Three and 5 francs are the French rates on pineapples and bananas, and 78 francs is the amount of preference on Guinean coffee in the French market. It is, therefore, impossible to escape duty by shipping into France via Guinea.

To preserve the trade of the Guinea ports, surtaxes on indirect importation have been levied since 1897 as follows:

<table>
<thead>
<tr>
<th>Articles</th>
<th>Casamance.</th>
<th>West Africa.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles, per 100 kilos.</td>
<td>25.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Tobacco, per 100 kilos.</td>
<td>10.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Powder and ammunition, per 100 kilos.</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The rate of 5.00 francs is the one most used in France as a surtax for indirect importation; see Tables C and D of the tariff.

In June, 1919, improvement taxes for the port of Dakar were levied on the tonnage of vessels in the roads or at the quay and on every ton transported by rail.
Export duties.—During the decade before the war, the only export duty was one of 7 per cent on rubber. In 1916 a long list of export duties was imposed with uniform rates throughout French West Africa (see p. 217).

Exports to France (special treatment).—For the exports of West Africa outside of Dahomey and the Ivory Coast on their entry to France special concessions have been decreed on palm and certain other oils, on building timber, and on limited quantities of cattle. By decree of October 28, 1914, slaughtered cattle in the form of refrigerated meat may be admitted. At the same time sheep and mutton, in limited quantities, were added to the list. From Guinea, again in limited quantities, bananas and pineapples are admitted free, and coffee and cocoa are admitted at the special rates granted before 1913 to the assimilated colonies, under Table E of the tariff. 74

OCEANIA.

Commercial importance.—French Oceania includes a great number of islands of which the chief are Rapa and the groups known as the Society Islands (Tahiti, Moorea, etc.), the Marquesas, Tuamotu, Leeward Isles, Gambier, and Tubuai. The total population is about 32,000, including fewer than 3,000 French and about the same number of other Europeans. The average total trade in the years 1909–1913 was 14,600,000 francs.

Tariffs.—Differential duties: Imports from France and the French colonies are admitted free, if the transportation is direct (see below), except for the octroi de mer. The products of French India, other than longcloth, are an exception to this rule.

Imports from foreign countries pay special rates established in 1892 and modified several times since. “The rates are strikingly more moderate than those of the mother country” 75 though linseed oil and a few other items have higher rates than the French. Animal and vegetable products, generally, and some others, pay specific rates, and these rates, with exceptions, are lower than those in France. 76

Thus, coffee pays only 35 francs per 100 kilograms; spices, 25; flour, 2; cereals, 1.50—rates one-half to one-eighth of the French rates. Most of the remaining duties are ad valorem, and their character may be seen from the following lists:

Typical import duties in Oceania.

FREE.

| Farm animals. |
| Agricultural and industrial tools and machines. |
| Engines. |
| Coal. |
| Gasoline, petrol. |
| Building stone. |
| School supplies. |
| Printing presses. |

FREE—continued.

| Type. |
| Scientific instruments. |
| Surgical instruments. |
| Diving apparatus. |
| Sacks and cases for packing. |
| Seeds for planting. |
| Glass windows. |
| Crucibles. |
| Ships (other than wood under 100 tons). |

74 See Table on p. 195.
75 Ermels, Robt.: Frankreichs Koloniale Handelspolitik. Geschichte, Wirkung, und Kritik derselben, 1910, p. 88. The ad valorem rates are reckoned on invoice values plus 35 per cent, and the actual commercial rate of exchange has recently been adopted for the conversion of values expressed in foreign currencies. (Commerce Reports, Aug. 8, 1921.)
76 A decree of July 5, 1921, increases by 23 per cent all the import rates except those on sugar and sea-going vessels. (B. I. d B., 10th Sup. to No. 84.)
The octroi de mer: The octroi de mer is arranged in a schedule of about 500 headings—twice as many as in any other colony. It falls on practically the same list of articles as those subject to the customs duty, though a few items are free on one list and dutiable on the other. Thus there is no octroi on alcohol, rum, tafia, and beer, though a score of alcoholic drinks are taxed,\(^\text{75}\) nor on leaf tobacco, fresh fruit, milk, butter, fresh and dried fish, and hats and fans of straw and bamboo, etc. The rate on most of the manufactured articles and on all articles not enumerated is 12 per cent,\(^\text{76}\) whether the customs duty be 8 per cent, 13 per cent, 15 per cent, or some other rate. Likewise on the articles where the duties are specific, the octroi varies from one-third or one-half the rate of the duty to three or four times as much, though it is more frequently lower rather than higher. Parts of the schedule go into great detail, 21 varieties of conserves of fish being enumerated and 50 other varieties of conserves and preserves.

Export duties: By a decree of March 12, 1899, a duty of 15 francs per 100 kilograms was put on all mother-of-pearl exported to destinations other than France, but in 1906 the rate was reduced to 6 francs and the differential feature was removed. The rates put in force in July, 1921, with the year in which the product had become dutiable, are as follows: Mother-of-pearl, 12 francs per 100 kilos; copra (1903), 20 francs per metric ton; phosphates (1910, after the first shipment had been made in 1909), 1.50 francs per metric ton; vanilla (1913), 0.40 franc per kilo; dried coconuts (1921), 10 francs per thousand; coconut oil, 4 francs per 100 liters.

\(^{75}\) The exemption of spirits, though not of beer, is perhaps explained by the continuance of an older consumption duty on spirits. This is 3 francs per liter for spirits of 80° of alcoholic strength or more, 1.20 francs for 55° or less, and proportional rates for intervening strengths.

\(^{76}\) The American consul has reported (September, 1921) an increase by 20 per cent in these octroi rates.
Preference on vanilla exported to France: Exports to France pay upon entry into France the minimum rates, with the exception of vanilla, 77 which enters France in a quantity determined by decree each year 78 at one-half of the usual duty. As in similar cases elsewhere, the rebate is given only for direct transportation and with proof of origin of the goods, but “direct” in this case is construed to include the routes Colon-San Francisco and Sydney-Auckland. French goods may also enter Oceania “directly” by these routes. Vanilla and copra are the leading exports, valued at three-fourths of the total; and phosphates and mother-of-pearl come next in order. These four products constituted in 1913 nineteen-twentieths of the exportations.

ST. PIERRE AND MIQUELON.

Commercial importance.—St. Pierre and Miquelon islands are the largest of two small groups not far from the coast of Newfoundland. They form a customs district with a single port of entry. Fishing is the only industry, and the total population, which is now less than 5,000, has been decreasing for many years. The average total trade for the years 1909-1913 was 12,700,000 francs, an enormous decrease from the average of the years 1899-1903, which was 22,100,000 francs.

This fishing outpost was “assimilated” by the tariff law of 1892, in spite of the fact that it was too small and too distant to maintain direct trade with France. It was necessary to make a concession from the rule of “direct” importation, and goods sent from France to the islands via La Havre-Liverpool-Halifax or via La Havre-New York, were considered as imported direct. The rule did not, as in the case of Oceania, apply in both directions.

Special tariff a substitute for assimilation.—The concession in the definition of “direct transportation” did not stop the economic decline of the islands 79 and by a law of November 11, 1912, St. Pierre and Miquelon were taken out of the assimilated class, though they still had to wait until the decree of April 23, 1914, before they received a special tariff, and were definitely treated as nonassimilated. This special tariff was drafted by the local administration in concert with the local chamber of commerce, was agreed to by the ministries of finance, of commerce and of the colonies, and was decreed by the Council of State. 80

As coming from a nonassimilated colony, the products of St. Pierre and Miquelon will pay in France the minimum tariff, unless exceptions are made by special decree. However, the French tariff specifies that the products of French fisheries shall enter free, and according to the figures for 1913 fish and fish products constituted over 99 per cent of the value of the local products exported to France—5,250,000 out of 5,288,000 francs. Most of the 9,800 francs worth of hides went to France, and hides are on the French free list. The only other article of which more than 5,000 francs worth was sent to France in 1913 became dutiable in France by the change of status of

77 And sugar, as above, p. 192; but sugar is not listed separately in the statistics of French imports from Oceania, 1914.
78 For the year ending June 30, 1920, the quantity specified was 100,000 kilos. Decree of Jan. 7, 1920.
80 Ciré. No. 4531.
the colony. This article was fresh meat, of which the whole amount exported, viz, 14,000 francs worth, went to France. French goods pay in St. Pierre and Miquelon only the consumption duties.

The free list.—The free list in St. Pierre and Miquelon includes:

- Live animals.
- Fresh meats.
- Game and poultry.
- Eggs.
- Milk.
- Fresh and dried fish except cod and others.
- Wheat.
- Fresh fruits.
- Potatoes.
- Gums.
- Hoop wood, poles, and firewood.
- Coal.
- Salt.
- Dyce.
- Books.
- Fishing hooks.
- Seagoing boats.
- Scientific instruments.
- Raw hides and peltries.
- Wool.
- Horse hair.
- Fishing line silk.
- Manures.
- Shells, bones, etc., for carving.
- Cotton, flax, and hemp.
- Plaster.
- Millstones.
- Ores.
- Potash.
- Various chemicals.

Rates lower than in France.—The tariff enumerates 262 items, including those on the free list, and concludes with the statement that all articles not enumerated shall pay 8 per cent. The specific rates are generally very much lower than those of the French tariff. For instance, the cotton schedule starts with plain cotton piece goods at 11 francs per hundred kilograms, and increases to 90 francs on ready-made clothing, while in France the minimum tariff rates on unbleached cotton piece goods, at the time of making the St. Pierre tariff, ranged from 62 francs to 620 francs, with considerably higher rates on other varieties. Paper, other than photographic, was made dutiable in St. Pierre at 8 francs per hundred kilograms, when in France the rates were 10 to 60 francs. Some items, however, were made somewhat higher than in France, as for instance most of those chemicals which are not on the free list.

Consumption duties.—In addition to the customs duty on alcohol there is a consumption tax of 50 francs per hectoliter of liquid of 89° (and other strengths in proportion) for brandy, cognac, rum, and whisky, and an octroi de mer levied at lower rates on these and other alcoholic beverages. The octroi on beer is 15 francs, that on ordinary wines in casks 5 francs, and that on cider and perry only 3 francs per hectoliter.

Changes in rates.—The most striking difference between the tariff of special exceptions which St. Pierre and Miquelon possessed as an assimilated colony, before 1914, and the special tariff which they now have as a nonassimilated colony, is the introduction of the general rate of 8 per cent ad valorem on all articles not specifically mentioned. The free list now appears much longer than formerly, but this is chiefly because the articles enumerated in the second column above were formerly not specified, as they were marked free in the French schedules. The real additions to the free list are wheat, milk, and horses. Of the articles subject to specific rates, no change has been made in farinaceous foods, colonial produce, and woods; reductions have been made on animal products, petroleum, cotton cord and sails, and shoes; and the rate on alcohol, brandy, hollands, rum, and tafia was increased from 31.60 to 50 francs per hectoliter of 89°.

185766°—22—14
Commercial importance.—The population of French Morocco is estimated at about 5,400,000. The European part of it numbers some 51,000, and there are approximately 76,000 Jews. The average total trade for the years 1909–1913 was 226,000,000 francs, in spite of the political disturbances of the period. Thus Morocco then ranked in commercial importance a little below Tunis. Moreover, the trade figures were for the whole of Morocco, and the Spanish zone and the international zone around Tangier had a considerable fraction, decreasing toward one-fourth of the trade. There is no customs line between the Spanish and the French zones,\(^5\) hence the proportion of the trade entering via Tangier and Larache in the Spanish zone and going through to the French zone can only be estimated. Besnard and Armard ascribe to the French zone as destination or source 40 per cent and 60 per cent of the imports of these ports, respectively, and 60 per cent and 80 per cent, respectively, of their exports. Calculation on that basis gives a figure for the average total commerce of the French zone for the years 1909–1912 of almost 147,000,000 francs. In the succeeding years this trade increased rapidly. In 1917 the total of imports and exports for the whole of Morocco amounted to 500,000,000 francs.

Tariff history—Treaties.—The tariff history of Morocco is largely the history of treaties, which have both guaranteed the open door and limited the rates of import and export duties.

By the treaty of peace and commerce between Morocco and Spain, March 1, 1799, goods imported by Spanish merchants were to pay at the ports of Morocco no higher duty than they had been paying in the past, namely 10 per cent ad valorem.\(^2\) The treaty enumerated the specific export duties which were to be levied on sixteen items of exportation. Various later treaties maintained the rate of import duty at 10 per cent, particularly those with Great Britain, December 9, 1856; Holland, May 18, 1858; Spain, November 20, 1861; Belgium, January 4, 1862; Germany, June 1, 1890; and France, October 24, 1892.\(^3\)

By the treaty with Great Britain the Sultan of Morocco is bound to abolish all monopolies or prohibitions on imports, except on tobacco, pipes for smoking, opium, sulphur, powder, saltpeter, lead, arms of all kinds, and ammunition of war; and to abolish all monopolies of agricultural produce and of every other article whatsoever except leeches, bark, tobacco, and other herbs used for smoking in pipes (Art. II). No charges whatever aside from the export duties

\(^{5}\) In 1917 a mission from Melilla investigated the commercial possibilities of the hinterland in the Spanish and French zones. Their report, made by Don Louis Garcia Alis, a member of the Junta de Arbitrio de Melilla, is reproduced in the Supplement of L' Afrique Francaise for January, 1918, pp. 19–24. The report states that at Berkane (30 kilometers east of Melilla and just inside the French zone) the French were collecting on merchandise imported through the Spanish zone a special "droit de survale" upon the difference in value at this inland point and at the seashore. The duty amounted to from 1 per cent to 3 per cent ad valorem. The report recommends the total suppression of this duty on the ground that there is no legal justification for it. The mission found that the commercial zone of Melilla was being reduced by the advance of the Central Algerian and South Gran railways—Oudjida had already been lost. The collection of a droit de survale of course helps the French to restrict the commercial hinterland of Melilla to the Spanish zone.

\(^{2}\) Martens, G. F. de: Recueil des Traites, Supplement III, p. 133, Art. 27; Cantillo, Tratados de España, 1700–1812, p. 653.

specified in the treaty are to be levied on goods purchased by British subjects for exportation (Art. III), but the right of the Sultan to prohibit the exportation of grain and other articles of commerce was recognized (Art. V). The duties payable upon merchandise imported by British subjects should not exceed 10 per cent of their value at the port of entry (Art. VII). Forty-one items were included in the export schedule and all the duties enumerated were specific (Art. VII).

The other treaties mentioned are similar, but the treaty with Germany in 1890 made numerous changes, necessarily reductions, in the rates of the export duties previously levied, and contained a schedule of 43 items on which export duties were not levied at the time of the conclusion of the treaty with England. Thirteen of these were dutiable either at 5 per cent or 8 per cent ad valorem. The others were subject to specific duties. It was provided that German subjects might import goods of any origin and might import or export in vessels of any nationality.

After the French Government adopted the general and minimum tariff system in 1892, the benefit of the minimum rates was granted to products of Morocco only after negotiation and the granting of concessions by Morocco. The concessions took the form of reductions of duty which were necessarily of general application to products of all countries, but the articles selected were of special interest to French commerce. The rate of import duty on the articles listed below was reduced from 10 per cent to 5 per cent. Small reductions were made in the export duty on half a dozen items, and prohibitions of exportation were repealed for ores except lead ores, barks, and certain woods.

The concessions made in the earlier treaties had long been enjoyed by various powers which were entitled to most-favored-nation treatment in Morocco; for instance, France, by the convention of September 10, 1844, had been entitled to enjoy "in everything and on every occasion" the treatment of the most-favored nation. In 1880 Morocco pledged most-favored-nation treatment to all the other nations which were parties to the convention of Madrid—Germany, Austria, Belgium, Denmark, Spain, United States, Great Britain, Italy, Holland, Portugal, Sweden, and Norway.

In 1904 Great Britain and France, by the declarations exchanged on April 8, agreed that in Morocco as well as in Egypt there should be no differential treatment in regard either to import duties or to railway rates. It was further provided that the facilities for transit trade

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84 The treaty further provided that no "anchorage, tonnage, import, or other duty or charge" should be levied on British vessels or goods imported or exported in British vessels "beyond what is or may be levied on national vessels" and goods imported or exported in them; and maximum rates are laid down for these dues (Art. V). The treaty was to remain in force until revised by common consent (Art. XIV).

85 By the treaty of Versailles Germany renounced all her treaty rights in Morocco.

86 Gustave Wolffin (Le Maroc. Étude Commerciale et Agricole, Paris, 1863, pp. 10 fl.) states that the export duties, specific in form, generally amounted to about 10 per cent. But the prices which he gives as then current in the ports show that the duties on most of the articles were just about 20 per cent of their values than 10 per cent. The duties on gums amounted to only about 2½ per cent to 3 per cent, but those on the cheaper maize and cattle came to nearly 50 per cent, and the rate on alfalfa, he says, was prohibitive. Doubtless prices have risen considerably since then, and the duties are now less in proportion.


88 See p. 208.

across territory controlled by these two countries into Egypt or Morocco should be subject to identical conditions for the nationals of the two countries.

The affairs of Morocco were regulated in 1906 by the conference of Algeciras, which ordained in its final act "economic liberty without any discriminations." This conference also provided for the imposition of an additional import duty of 2½ per cent ad valorem and arranged for an international commission to make the official valuations upon which the rates are collected. The additional duty was to be a temporary tax devoted to such public works as the Moroccan Government and the diplomatic corps should agree upon. According to the Franco-German treaty of November 4, 1911, "The Government of France, firmly attached to the principle of commercial liberty in Morocco, will permit no discriminations." When the French Government assumed a protectorate over Morocco in 1912, it gave renewed assurances that equality in matters of commerce would be maintained.

Thus, by a long series of treaties with individual countries, extending back more than a century, Morocco agreed to a limitation of its import and export duties. Discriminations were guarded against by the similarity of treaty provisions and by most-favored-nation clauses. By other treaties, chiefly among the powers of Europe, commercial equality was pledged in Morocco—particularly by France and Spain, whose growing political influence over parts of Morocco gave the other powers cause for alarm.

Treaty of Versailles and French policy.—None the less, the trend of French opinion, if not the policy of the French Government, aims at the abolition of the open door in Morocco. This idea is supported by several sentiments, precedents, or arguments. The large expenditure in men and money for the pacification and the development of Morocco is alleged to give the French a "right" to special privileges there. France makes less and less distinction between protectorates and colonies. The economic measures taken during the war by the Moroccan Government under French "advice," the admission of Moroccan vessels to the French coasting trade, and the introduction of French currency in Morocco illustrate this point. It is argued that commercial treaties are necessarily modified by the occurrence of a fundamental change in the situation for which they were made, and that the establishment of the French protectorate constituted such a change. Foreign countries should therefore surrender their "special privileges"—such as the capitulations and the open door gave to them—under previously existing treaties. The precedent of Tunis is used to enforce the argument, though, it is cited as a grievance that the foreign powers delayed, for 16 years after the establishment of the French protectorate, the renunciation of their treaty rights to equal treatment in Tunis.

The United States and Great Britain insisted during the negotiation of the treaty of Versailles upon the maintenance of the open

90 Art. 66 of the treaty.
91 This is the principle discussed by writers on International Law under the term rebus sic stantibus.
92 See, e.g., Holtz, Louis: Traité de Législation Marocaine, Paris, 1914, p. 91. This author states that it is "generally admitted" that commercial treaties made without a time limit become void if one of the States concerned falls under the protection of a third State.
93 And that certain powers then renounced their rights only with reservations.
door, but acquiesced in depriving the Germans of all rights in Morocco. Article 141 of the peace treaty reads as follows:

Germany renounces all rights, titles, and privileges conferred on her by the general act of Algeciras of April 7, 1906, and by the Franco-German agreements of February 9, 1909, and November 4, 1911. All treaties, agreements, arrangements, and contracts concluded by her with the Sherifian Empire are regarded as abrogated as from August 3, 1914.

In no case can Germany take advantage of these instruments and she undertakes not to intervene in any way in negotiations relating to Morocco which may take place between France and the other powers.

This leaves the treaty of Algeciras as the chief guaranty of the open door in Morocco and in regard to this treaty the following language from reports of committees to the Chamber of Deputies should be noted:

The act of Algeciras is still an international reality. But there must be confidence in the Government, which should by a diplomatic convention break the last bonds, already well loosened, of the accord imposed by the Germany now conquered. It will be easy then to find a way of creating for the benefit of French agriculture a privileged régime for the exportation of the phosphates of Morocco. Provision is also made in these articles and elsewhere for depriving German nationals of mining rights and other property in Morocco.

The sweeping away of German rights in Morocco was shortly followed by the imposition of a differential tariff on German goods.

By arts. 162, 143, and 141 Germany renounces the régime of exploitations in Morocco; grants complete liberty to the Moroccan Government in regulating the status of German nationals; transfers to the Moroccan Government all property in Morocco belonging to the German Government or royal family, and transfers to the French Government the German shares in the State Bank of Morocco. Provision is also made in these articles and elsewhere for depriving German nationals of mining rights and other property in Morocco.

The act of Algeciras the Government of the United States declared that its sole desire was to insure free entrance into the country for the commerce of all nations and to advance its civilization; and in the present negotiations its representatives have again affirmed that the maintenance of the open-door principle and of cordial relations with Morocco were the only features of the proposed régime in which the United States was concerned.

On the other hand, Great Britain, which is now negotiating with us for the application of the Franco-British agreements of 1904, consents to abrogate the act of Algeciras and the treaty of 1911 in so far as they concern her interests and relate to the French zone, and to lend us her support in bringing the other powers to the same attitude.

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53 See the report made to the Chamber of Deputies on June 17, 1920, quoted in L'Affreique Française, July, 1920, Supplement, p. 128.

54 By arts. 162, 143, and 141 Germany renounces the régime of exploitations in Morocco; grants complete liberty to the Moroccan Government in regulating the status of German nationals; transfers to the Moroccan Government all property in Morocco belonging to the German Government or royal family, and transfers to the French Government the German shares in the State Bank of Morocco. Provision is also made in these articles and elsewhere for depriving German nationals of mining rights and other property in Morocco.

55 See the report of June 17, 1920, quoted in note above. The privileged régime has apparently been devised without "breaking" the last bonds of the act of Algeciras. After the official denial of the rumor that a concession was to be granted to a foreign company for the exploitation of Moroccan phosphates, the French Government undertook this exploitation directly, and the colonial loan approved by the French Parliament in August, 1920, includes an item of 36,000,000 francs for this purpose. (The Times Trade Supplement, Aug. 21, 1920, p. 600.)

56 Chamber of Deputies, 11th Legis., Session of 1919. No. 6666. Rapport fait au nom de la commission chargée d'examiner le projet de loi portant approbation du Traité de Paix. (Partie IV, Secs. II-VIII, pp. 5-6).
**Import duties.**—The tariff now in force in the seaports 97 of Morocco levies upon goods imported the general rate of 10 per cent ad valorem, as was permitted by the older treaties, and an additional duty of 2½ per cent, authorized by article 66 of the treaty of Algeciras. 98 By an exception dating from the French treaty of 1892, the rate on certain articles is only 5 per cent plus the 2½ per cent additional. These articles are:

- Textiles of silk, pure or mixed.
- Gold and silver jewelry and gold galloons.
- Precious stones and their imitations, and rubies.
- Wines and distilled liquids.
- Alimentary pastes.

Tobacco pays in addition to the 2½ per cent, if imported for the monopoly, 10, 15, or 25 pesetas Hassaní 99 per kantar, 100 respectively, for leaf, cut tobacco, and cigars and cigarettes, and if imported by individuals, an additional duty of 37 pesetas Hassaní on each 1,000 cigarettes or each kilogram of cut tobacco, and 22 pesetas Hassaní on each 100 cigars.

**Discrimination against German goods.**—By a Moroccan Dahir of January 11, 1920, discriminatory duties were imposed upon German products. These products are admitted only upon license and, if admitted, are charged 10 per cent ad valorem in addition to the duties ordinarily collected from foreign imports. If the importation is indirect, the additional duty is 15 per cent ad valorem. These additional duties may be suspended, however, for foodstuffs and for materials for works of public utility if these articles are not at the time obtainable elsewhere than in Germany.1

**The free list.**—The free list has been conspicuous in the Moroccan tariff by reason of its absence. For many years the only articles not dutiable upon importation were manures and fertilizers. Since 1917 exemption from the general duty of 10 per cent ad valorem but not from the additional 2½ per cent has been granted to a score of varieties of agricultural machines and tools, including threshing machines, and when imported at the same time motors to operate them.2 By decree of December 22, 1911, empty sacks, cases, tins, and barrels, and packing cloth, hoops, and wire had been granted free entry, but only on guarantee of reexportation within 6 months.

**Export duties.**—More than 150 items are enumerated in the schedules of Moroccan export duties, and articles of minor importance, not enumerated, are dutiable at one-half of 1 per cent.3 The rate is 10 per

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97 For the tariff on imports by land from Algeria and Melilla, see p. 210. Ad valorem duties are levied on the basis of official valuations.
98 The peseta Hassaní was a silver coin nominally equal to the franc. The old Moroccan Government did not maintain it at its value in gold; but its scarcity gave it a value greater than that of the silver it contained so that it was usually worth two-thirds of a franc or more. The high price of silver brought it to par in 1917, and the French Government undertook to keep it there. Its value continued to rise. A Dahir of March 20, 1920, deprived it of its status as legal tender, ordered its immediate withdrawal from circulation, and substituted French francs, at the rate (temporarily) of 2 francs for each peseta Hassaní.
99 503 kilograms.
1 The Times Trade Supplement, Feb. 7, 1920, p. 541. The French text is given in L'Afrique Française, February, 1920. A Dahir of Jan. 26 provided two routes by which German goods might enter Morocco through the Spanish zone. (L'Afrique Française, March, 1920, p. 110.)
3 Arts. XIII and XIX of the Franco-Spanish agreement of Nov. 27, 1912, provide for uniformity of tariffs in the French and Spanish zones.
4 Board of Trade Journal, Oct. 14, 1920. The duties on mineral ores, including the 0.5 per cent on unenumerated products, were abolished by Dahir of Aug. 18, 1921. (B. T. D. J., No. 132, 2d ed.) The mining code, however, provides for a duty of 5 per cent on ores, raw metals, and alloys, and of 10 per cent on gold.
cent on furniture, gold, and essence of rose; 8 per cent on wickerware, iron stirrups, copper, trays, and cotton or woolen thread; and 5 per cent on pottery of the country, linen thread, textiles, articles made of leather, Arab guns and daggers, and rims of sieves. Fresh fruits and vegetables, including potatoes, and wine and brandy also pay 5 per cent. Of the other rates, which are specific, a few examples are given in Table 10. These specific rates are not high except upon cereals. Article 67 of the act of Algeciras expresses a wish that rates on cereals should be reduced, and in 1915 the French proposed a 50 per cent reduction but came to no agreement upon this subject with Spain.4

Prohibitions, restrictions, and monopolies.—Prohibited6 imports are: Salt peter, gunpowder, nitroglycerine, sulphur, lead for manufacture of bullets, absinthe and similar products, opium (except that consigned to pharmacies), snuff and kif,7 tobacco, and pesetas Hassani. The trade in snuff and kif is a monopoly of the Moroccan Government. Tobacco is monopolized by an international company, the International Society for the Cooperative Management of the Tobacco Trade.

The export of oxen is subject to limitation. Only 10,000 head may be sent out to any single country in one year. The Moroccan Government has reserved the right to prohibit entirely the export of oxen from ports in whose vicinity there is a shortage of such animals. During the war the export trade of Morocco was strictly controlled by the French resident, who as commander in chief issued a long series of orders whose object was the reservation of the surplus over local needs for the use of the French military authorities.8 These restrictions had largely disappeared by September, 1919.9

Consumption duties.—The French administration in Morocco has introduced consumption duties on a limited list of commodities. Since these duties are not levied on local production,10 if any, but only upon imports, and the duty is, therefore, an import duty in the ordinary use of that term, the treaty basis of its imposition is not clear.

The consumption duty was imposed at first only on alcohol (Dahir of Oct. 18, 1914), then on sugar (Dahir of Dec. 12, 1915), and in 1919 (Dahir of Aug. 25) on the other articles named below. The rates have been greatly increased; on alcohol from 200 to 600 francs per hectaroliter, and on sugar from 10 to 20 (1918) and then to 40 (1920) francs per hundred kilograms. The chief rates in force are as follows:

- Sugar, 40 francs per 100 kilos.
- Coffee and cocoa, raw, 50 francs per 100 kilos.
- Coffee, prepared, 75 francs per 100 kilos.
- Chocolate and cocoa preparations, 24, 50, or 70 francs per 100 kilos.
- Cloves and other spices, 100 francs per 100 kilos.
- Tea, pepper and nutmegs without the shell, 150 francs per 100 kilos.

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5 The prohibition applying to arms, ammunition, and materials for the manufacture of ammunition was imposed by the act of Algeciras, Article 13. Articles 14 to 18 of the same act modify the prohibition to the extent of allowing the import of sporting and dress arms, not rifled, for the personal use of the importer. Powder and explosives may be imported for industrial purposes, and for the construction of public works. Miners regulations were laid down by the act of Algeciras for the trade in arms and ammunition; penalties were provided for infringement.
6 Kif (quif) is dried and powdered hemp.
7 Article 65 of the act of Algeciras. The limitation was raised by this act from 6,000 to 10,000 head. The quotas for export in 1920 were fixed by a Dahir of Apr. 28 at 50,000 oxen and 100,000 sheep (L'Affrique Française, November, 1920, p. 351.)
8 A summary of its decree issued up to June 21, 1917, is given in the Moroccan Annuaire, cited above, pp. 39-61. Exportation to countries other than France, especially to Allied countries, was not wholly cut off but the exportation to France, which had been 33.3 per cent of the total in 1911 and 53 per cent in 1913, rose in 1916 to 84.4 per cent of the total. (Ib., p. 60.)
9 Board of Trade Journal, Sept. 23, 1918.
10 Ibid., Oct. 9, 1919, p. 400.
Vanilla, 250 francs per 100 kilos.

Denatured alcohol, 2 francs per hectariliter.

Alcohol contained in wines, cider, beer, perry, and hydromel, in vermouth; quinquinas, liqueurs, and imitation wines under 23 degrees; and in perfumes and chemical products 600 francs per hectoliter of pure alcohol.

Other alcohols, 1,000 francs per hectoliter.

Special tariffs of the land frontiers.—The treatment accorded to goods imported into Morocco by land from the Spanish city of Ceuta does not differ from that accorded in the Moroccan seaports. But to the frontiers between Melilla and the Spanish zone and between Algeria and the French zone as far inland as Teniet Sassi the duties prescribed in the old treaties and the act of Algeciras do not apply.

The land frontier of Morocco is clearly delimited on the side of the Spanish possessions, but on the side of Algeria the boundary has been defined only from the sea to Teniet Sassi, about 60 miles inland. The rest of this boundary is defined by naming certain trade centers and oases as Moroccan or Algerian; outside of these places the authority of the two governments follows the migrations of the tribes. The southwest boundary of Morocco is in the desert and is of no consequence.

The Franco-Moroccan accord of May 7, 1902, refers to the special trade relations which have "always" existed in the land trade between Algeria and Morocco. This accord recognized the right of the French to continue to collect statistical and inspection duties (taxe sanitaire) and of the Moroccan Government (the "Makhzen" or "Maghzen") to collect export and "transit" duties. The French duties named are insignificant in amount and constitute no real abridgment of the freedom of importation which had been established by the law of July 17, 1867, for products of Morocco, Tunis, and the Sahara entering Algeria overland. The treaty refers to an annexed schedule of Moroccan duties, but by a protocol the drawing up of this list was postponed until the Moroccan Government could establish customhouses on this frontier. This special régime for the overland trade was excluded from consideration at the conference of Algeciras, and was thus tacitly recognized. The Spanish city of Melilla shares with Algeria the advantage of the lower tariff of the land frontier, since by the Spanish-Moroccan accord of November 17, 1910, the duties to be collected in the customhouse which was to be reestablished in the region of Melilla were to be "no other or higher than those collected on any other frontiers whatsoever of the Empire."


De Clercq: Op. cit., vol. 22, p. 123. After the French conquest of Algeria, trade with Morocco was free until the decree of Dec. 16, 1843, prohibiting importation by land, with such exceptions as the governor general might allow. By decree of Aug. 11, 1855, moderate duties were substituted for the prohibition and five customhouses were established. But neither the prohibition nor the duties were enforced to any great extent. Barthe: Op. cit., pp. 11, 12.

This transit duty is an ordinary import duty.

The Moroccan customhouses on this frontier were not well established until 1908. (Bernard, Augustin: Le Maroc, revised, Paris, 1913, p. 381.)


Art. 5. Delenclos: Op. cit., p. 396. Contrast the language of article 11, by which the customhouse to be established near Ceuta was to collect "the same duties on imports and exports as in the ports." Ibid., p. 340. This customhouse near Melilla has been established. The Spanish-Moroccan treaty of July 21, 1866, provided for a customhouse near Melilla, in which the same duties were to be collected as in the ports, but apparently during most of the history of Melilla whatever trade the state of the country permitted was actually free of all Moroccan duties. (Bernard: Op. cit., p. 386.) The treaty of 1866 is given in Marques de Olivart: Coleccion de los Tratados, Convenios, etc., vol. 4, p. 342.
The special import duty collected by Morocco on these land frontiers of Algeria and Melilla is 5 per cent ad valorem, except that a score of articles pay specific duties, of which the following are examples:

Sugar, 2 francs per 100 kilos.
Coffee, 5 francs per 100 kilos.
Tea, 10 francs per 100 kilos.
Pepper, 10 francs per 100 kilos.
Spices, 20 francs per 100 kilos.
Leaf tobacco, 5 francs per 100 kilos.
Cigars and cigarettes, 20 francs per 100 kilos.
White flour, 1.50 francs per 100 kilos.
Rice, 2 francs per 100 kilos.
Pulse, 1 franc per 100 kilos.
Fresh fruit, 1 franc per 100 kilos.
Dry fruit, 3 francs per 100 kilos.

These rates when imposed were all lower than the 12½ per cent collected in the seaports, and the rise of prices has increased the difference. Thus sugar entering Morocco overland pays 17½ cents per hundred pounds; entering a Moroccan seaport it pays, if valued at 5 cents a pound, 62½ cents, but if valued at 20 cents a pound, $2.50 a hundred pounds. Upon the articles not enumerated the differential in favor of the overland rate into Morocco is 7½ per cent ad valorem, and the amount of this differential as measured, e.g., in cents per pound, has likewise increased with the rise of prices.

The general rate of the export duty for the overland trade is likewise 5 per cent ad valorem, but most of the local animal and vegetable products (enumerated under 26 heads) pay specific duties. Examples of these specific rates are given in Table 10, where the rates for the seaports are also given for purposes of comparison.

**Table 10.—Examples of Moroccan export duties.**

[In pesetas Hassaní per 100 kilos, unless otherwise stated.]

<table>
<thead>
<tr>
<th>Article</th>
<th>Duty overland</th>
<th>Duty in the seaports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oxen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hogs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheep</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wool, unwashed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wool, washed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wax, crude</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hides (collected)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hides (in store)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skins</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold and silver</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2 The odd centimes in this and following rates are due to converting the rate per kantar (or some other native measure) to rates per 100 kilos.
3 Free.
4 Per cent.

As the articles enumerated in the schedules are the important ones in the export trade of the respective parts of Morocco, the differences in the duties enumerated are much more important than is the uni-

1 Upon smoking and chewing tobacco the rate was the same—15 francs per 100 kilos.
formity of the rate of 5 per cent upon all articles not enumerated in the respective lists.

As Melilla is a free port, without differential duties, the advantage of introducing goods into Morocco by this port is not confined to Spanish commerce. And while foreign products are, in general, largely excluded from Algeria by the French tariff, goods of British origin, at least, enjoy in transit the right to the same treatment as French goods under the declarations exchanged April 8, 1904—"The trade of both nations with Morocco and with Egypt shall enjoy the same treatment in transit through the British and French possessions in Africa." These declarations were binding for 30 years. A dozen years later this stipulation for equality in the treatment of transit trade was put in the form of a treaty and this treaty was likewise made for a term of 30 years, to be continued by five-year periods unless denounced a year in advance.

As Melilla is practically the only port in eastern Morocco, the special tariff may be said to apply to northeastern Morocco both by land and by sea. Up to the present time the fact that this tariff is lower than that collected in the ports of western Morocco has had little or no effect, both because to so large a degree the trade has been carried on without the payment even of this duty and because in the absence of communication by rail between the eastern and the western parts the difference in the duty was not sufficient to pay the cost of transportation overland. But since July 21, 1921, when Marshal Lyantey fastened the last bolt of the railroad between Oudjda and Fez, the situation has been quite different. The absence of a railroad, inland from Melilla now gives the French a great advantage in their trade with Morocco.

After the establishment of Melilla as a free port, the French largely lost the trade of the hinterland, e.g., they sold at Oudjda only "a few matches and a few meters of cloth." Sugar was then paying on entry to Algeria a duty of over 100 per cent of its value, and coffee 75 per cent—so that not only was trade through Algeria to Morocco impossible, but considerable quantities of goods reached the Algerian markets by way of Morocco, and even through the ports of western Morocco. This situation still prevails to a slight extent, and it is complained that goods imported in transit through Algeria into Morocco are then smuggled back into Algeria. For many years there has been a recurrent demand that the law of 1867 be repealed, especially that part of it which permits the manufactured products of Morocco to enter Algeria free. The Government proposed such a law in 1913, but it was not passed.

18 Brit. and For. State Papers, vol. 97, p. 39. As Augustin Bernard remarks (op. cit., p. 351), this pledge raises the "delicate question" whether the most-favored-nation clause applies to engagements of this nature.
19 Treaty of Aug. 24, 1916, 6th Brit., Parl. Papers, Treaty Series, 1916, No. 7, Cd. 5003. The treaty states explicitly that the trade in question is that with Morocco through Algeria, Tunis, or other French territory, and with Egypt through British East Africa (now Kenya) and Uganda.
21 Besides, the committee fixed itself somewhat more liberal than the Government in proposing quotas to be admitted annually. For instance, the average importation from Morocco to Algeria for the preceding five years had been stated as 18,510 head of cattle and 160,090 head of sheep; the Government proposed quotas of 18,500 and 335,000, respectively, and the committee proposed 20,000 and 350,000. (France was an exporter of cattle and an importer of sheep.) The average importation of wheat and barley into France from Algeria had been 52,000 quintals—a very small fraction of the total importation which was, e.g., in 1912, 7,100,000 quintals.

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More important was the demand for better facilities for trading with Morocco by way of Algeria. French goods had indeed been entering Algeria free of customs duty for several decades, but they were not exempt from the octroi de mer, which was levied chiefly on alcohol, mineral oils, sugar, tea, coffee, and spices. The demand for better transit facilities was met by a law of April 16, 1895, and a series of decrees in execution of this law. 23 The decree of December 17, 1896, permitted free transit across Algeria of French and French colonial sugar, of alcoholic products, such as perfumes, varnishes, medicines, etc., of French origin and, when imported directly into France or Algeria from a country outside of Europe, of mineral oils, coffee, tea, pepper, and other spices. The decree of February 1, 1902, added cotton cloth and tea, regardless of origin, and added Ain Sefra to the list of places through which reexportation might take place. 24 These products are shipped in sealed packages, and 25 centimes is paid for each seal. There are further expenses connected with the escort which the French send with each caravan to assure themselves that the goods are really carried from the last French to the first Moroccan customhouse. 25 By arrêtés of the governor general of Algeria, January 10, 1902, and January 24, 1903, the Sud Oranais Railroad to Ain Sefra was also open to "international transit," 26 and this transit now extends to Beni Ounif and Colomb Bechar. 27 This transit is in sealed cars and involves much less formality than that mentioned above. Ain Sefra is far south of the fixed Algero-Moroccan frontier, and the trade of this region is apparently in theory subject to the regular Moroccan duty of 12½ per cent. In the absence of customhouses, however, the Algerian Government pays annually a lump sum to the Moroccan Government on account of this trade. 28

As the products of Algeria and Morocco are very similar, most of the trade between the two countries is transit trade in foreign products, though considerable numbers of Moroccan cattle are marketed in Algeria. Commerce between the two countries was valued in 1884 at only 2,000,000 francs and had increased in 1913 to 40,000,000, in 1917 to 66,000,000, and in 1919 to 134,000,000 francs. These are of wheat alone. But the Government proposed to admit free into Algeria only 105,000 quintals of Moroccan wheat and barley annually, and the committee proposed only 100,000 quintals each of barley and hard wheat. (France produces almost no hard wheat and Morocco little else.) For fresh vegetables and dry legumes, the committee suggested a quota of 3,000 quintals, though the average export of Morocco to Algeria had been only 540 quintals, but they attached to this proposal the same limitation which had been contained in a Government bill of Apr. 3, 1912, relative to free admission of Tunisian vegetables, namely, that admission should be free only to the beginning of the French season—e.g., tomatoes should enter from December to June, inclusive, and peas and potatoes from March to April, inclusive.

This law was to restrict importation into Algeria, but most of the argument was in regard to importation into France, since the payment of duty in France on products of Morocco reexported from Algeria is only theoretical. It is evident from the discussion that the agricultural interests of France are quite indifferent to the idea of promoting French colonial interests by tariff concessions on agricultural products.

For a most glowing account of the agricultural possibilities of Morocco with its "twelve to thirteen millions (!) of people," and for a full discussion of matters referred to here see the hundred-page report of the committee, especially p. 62 ff. Barthe: Op. cit. * * *. 22

24 Ibid., vol. 4, p. 492. The cloth mentioned is pure cotton, plain, bleached or unbleached, weighing more than 8 kilograms per 100 square meters, and longcloth (gulises) of French India.
25 Déciaud: Op. cit., pp. 21-29; Harris and Cozens-Hardy: Modern Morocco, London, 1919, pp. 63-64. The ports through which this trade may enter and through which it must be exported are specified from time to time. The decree of May 3, 1915 (apparently the latest on the subject), designates the ports of reexportation to northern Morocco as Adjeroud Kiss, Lalla Marnia, and El Aricha, and any others which may be established between Teniet Sassi and the sea. The goods are supervised until their entry into the Moroccan customhouses, at Oudja, Martimpire, Ouargla, and Debout. The escort consists of one, three, or four cavalrymen, according to the size of the caravan, and the fee is 2.50 francs each day, from the time the men are assigned to the caravan until their return to the point of departure.
28 Annuaire, p. 59.
the official figures, but the chambers of commerce of the locality believe that the trade is much greater than this. The provisions of 1896 and later years for free transit across Algeria have so far resulted in no great increase in the trade. Goods to the value of 2,000,000 francs took advantage of the provision in 1897, but this trade had increased in value by 1909 only to 3½ millions.

SOMALILAND.

Commercial importance.—French Somaliland ("French coast of the Somalis") has a population of only about 200,000, and its average total commerce in the years 1909–1913 was only 65,400,000 francs. Thus it ranks in gross commerce after Dahomey and the Ivory Coast, it has less than one-third the trade of Morocco, and one-fourth that of Tunis. But while Somaliland's total trade is less than 2½ per cent of the total trade of all the French colonies combined, its recent growth has been more rapid than that of the trade of any other colony. The earliest statistics published are for 1899. The growth since then is shown in Table 11.

Table 11.—Growth of commerce of French Somaliland, 1899–1918.

[In millions of francs.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Total imports</th>
<th>Total exports</th>
<th>Total trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1899</td>
<td>3.3</td>
<td>1.9</td>
<td>5.2</td>
</tr>
<tr>
<td>1904</td>
<td>10.6</td>
<td>15.1</td>
<td>25.7</td>
</tr>
<tr>
<td>1909</td>
<td>15.5</td>
<td>25.7</td>
<td>41.2</td>
</tr>
<tr>
<td>1913</td>
<td>33.9</td>
<td>47.7</td>
<td>81.6</td>
</tr>
<tr>
<td>1918</td>
<td>67.4</td>
<td>73.6</td>
<td>141</td>
</tr>
</tbody>
</table>

1 Exports the produce of Abyssinia.

Most of this trade, however, is transit or reexport trade, and the greater part of it is thus included twice in the official total. In 1913 imports for consumption were less than seven million francs, while exports, the produce of Somaliland, were valued at only 68,000 francs. The statistical excess of total exports over imports is due to keeping no record of imports from Abyssinia, though the exports of Abyssinian produce are recorded and amount to approximately half the export trade. The export trade of 1913 may be classified thus (in millions of francs):

Exports the produce of Abyssinia............................. 20.6
Transit trade to Abyssinia—
  French goods........................................ 4.7
  Foreign goods....................................... 15.5
Reexports by sea—
  French goods....................................... 1.2
  Foreign goods..................................... 5.5

Tariff.—No import or transit duties.—Import duties of any great amount would drive this important transit trade to other points.

* I. e. the Algerian figures, which include the trade south of Teniet Sassi and imports on behalf of the corps of occupation in Morocco. The Moroccan figures (1911–1916) for the customhouses northward from Teniet Sassi, are one-half to two-thirds as great for imports, and one-third to one-half as great for exports. (Ib., p. 90.)


* The Statistiques Colonialies suggests that a large part of these imports also find their way into Abyssinia.
Transit duties for any fiscal purposes are forbidden by a treaty of December 13, 1906, between France, Great Britain, and Italy. Article 6 of this treaty provides that—

the three Governments agree that the Jibuti Railroad shall be prolonged from Dire Dawa to Adis Abeba with a branch line to Harrar eventually on condition that the nationals of the three countries shall enjoy in all matters of trade and transit absolute equality of treatment on the railroad and in the port of Jibuti. Goods shall not be subject to any fiscal duty levied for the benefit of the French colony or treasury.

Article 7 contains a similar provision in regard to any railways which the English or Italians might construct and in regard to their ports of origin in British or Italian Somaliland, and concludes with the paragraph:

The three signatory powers agree to extend to the nationals of all other countries the benefit of the provisions of articles 6 and 7 relating to equality of treatment as regards trade and transit.

The provision that there shall be no fiscal transit duties does not forbid the levy of a so-called "registration tax" intended to cover the expense of supervising the transit of arms and alcohol. The rates seem comparatively high, e.g., guns, 8 francs each; cartridges, 5.50 per hundred; powder, 50 centimes per kilogram.

Consumption duties.—Somaliland falls within the territory between 20° north and 22° south, within which the minimum import duties on alcohol have been fixed from time to time by international treaties. These agreements, including the Brussels antislavery act of 1890, and the conventions of June 8, 1899, and November 3, 1906, successively set the minimum rate on alcohol of 50° strength at 15, 70, and 100 francs per hectoliter. The 2 francs per hectoliter per degree paid in French Somaliland is the equivalent of the last-named rate. Other alcoholic drinks pay as follows: Beer and cider, 7 francs per hectoliter; wines, 8 to 50 francs; absinthe, 20 francs; absinthe essences, 40 francs.

The consumption duties fall also on tobacco, sugar, cereals, oils, dynamite, and a few other articles. The rates, except on dynamite and edible oils, are much lower than those of the French minimum tariff, averaging roughly perhaps one-third of those rates.

The list decreed in 1900 was very much longer than the present list. It included specific rates on bicycles, candles, nails, pianos, iron, copper, lead, and zinc in different forms, and a general ad valorem rate of 5 per cent on all articles not enumerated.

Export duties.—The list of export duties is one of the longest among those of the French colonies, but most of these duties are disguised under the name of droits de vérification and de contrôle. They are as follows:

Raw hides, 3 francs per 1,000 kilos.
Ivory, 10 francs per 100 kilos.
Rubber, 5 francs per 100 kilos.
Coffee, 1.50 francs per 100 kilos.
Wax, 5 francs per 100 kilos.
Building stone, 1 franc per cubic meter.
Native butter, 2 francs per 100 kilos.
Coffee containers, empty, 5 francs per kilo.
Opium, 25 francs per kilo.
Pears, amber, 5 per cent.

Mother-of-pearl, coral, sponges, 50 francs per ton.
Griffes, 50 francs each.
Lions, zebras, 25 francs each.
Horses, mules, 16 francs each.
Camels, 12 francs each.
Asses, 6 francs each.
Cattle, 4 francs each.
Sheep, 1 franc each.
Goats, 0.50 franc each.

33 In French, farde, i.e., bales of coffee packed for transport by camel.
The last two items of the first column are alone designated "export duties." There is also a droit de contrôle on alcohol, levied as a transit or export duty, but not on reexportation, of 13 francs per hectoliter, or, if the strength is above 50°, of twice that amount.

**Dahomey and the Ivory Coast.**

**Commercial importance.**—Dahomey and the Ivory Coast are the two parts of French West Africa which extend southward to the sea between Togo and Nigeria, and Liberia and the Gold Coast. They have populations of 860,000 and 1,400,000 respectively, including about 1,400 Frenchmen and 200 other non-Africans. In 1919 the total trade of Dahomey was 114,000,000 francs and of the Ivory Coast, 52,000,000 francs.

**Tariff—Treaty provisions of 1898.**—As part of the solution of various controversies between France and Great Britain, the French agreed in 1898 that they would give for 30 years in these territories, "the same treatment in all that concerns river navigation, commerce, the customs and fiscal régime, and taxes of all kinds" to the English as to their own subjects. The treaty mentioned only the English, but all countries which had most-favored-nation treaties with France received the benefit. The treaty made, however, little change in the situation, for such equality of treatment already existed, fully in Dahomey and partly in the Ivory Coast, but the English regarded it as a safeguard for the future, and if the French had less reason to fear a change of tariff policy on the part of their English neighbors, they received a guaranty of equal treatment for a much larger territory than that for which they gave such a guaranty.

Even at that time the French did not have an entirely free hand in these territories, for freedom of navigation of the Niger and its affluents had been agreed to at the Congress of Berlin, and in 1887 France had agreed with Germany that Togo and Dahomey should constitute a single tariff territory with no customs on their common boundary, and that they should collect for the seacoast the uniform rates then agreed upon. Tobacco, powder, guns, rum, and gin were the only articles then taxed; but in 1889 the rates were doubled and salt was added to the list.

**Import duties.**—The decree of April 14, 1905, established a three-column tariff for West Africa. The third column contained the rates for Dahomey and the Ivory Coast, while the first two columns contained, respectively, the import duties on goods of all origins and the surtax on foreign products for the remainder of West Africa. A similar decree for textiles was issued on March 3, 1914. The free list for Dahomey and the Ivory Coast is the same as that for the remainder of West Africa, including the free list for cattle. The list of articles on which a duty is levied in these two colonies differs

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24 The British commissioners suggested that the tariffs in each colony be applicable to all merchandise without distinction and emphasized the point that the acceptance of this principle would facilitate the settlement of the territorial questions. The French accepted this as a basis of negotiation, but stipulated that it was to hold for a limited time only, and "the French commissioners called attention to the point that in principle the obligations under the provisions of the final arrangement on this subject naturally could not extend beyond merchandise of French and British production and origin." (Ministère des Colonies, Documents Diplomatiques. Correspondance et documents relatifs à la Convention Franco-Anglaise du 14 Juin, 1898. (Paris, 1899) pp. 30, 52.)

25 Statement by Delcassé, in de Clercq, op. cit. vol. 21, p. 432.
from the dutiable list for the remainder of West Africa only in the omission of palm and other oils from the former. The rate of duty in the two colonies is in general greater than either the basic rate which is applied in the remainder of West Africa to all goods, including those of French origin, or than the surtax payable on foreign products alone. It is less than the sum of these two rates. On those articles, including all of those not specially mentioned, for which the general West African rate is 5 per cent and the surtax on foreign goods 7 per cent, the rate in Dahomey and the Ivory Coast is 10 per cent. Cocoa beans and cocoa in the husk pay 52 francs per 100 kilograms instead of the ad valorem rate.

The Brussels convention of 1899 fixed the general rate of duty on alcohol for the African territory between 20° north and 22° south at 70 francs per hectoliter of alcohol of 50° strength, but by exception permitted a rate of 60 francs in Dahomey and Togo. Since then the rate has been greatly increased. The Brussels convention of 1906 raised the rate generally to 100 francs, and this applied to Dahomey, which had formerly been given exceptional treatment, as well as to the Ivory Coast, which had been subject to the general rule. The rate of 100 francs per hectoliter of 50° alcoholic strength is expressed in the West African tariff as 200 francs per hectoliter of pure alcohol. The French increased this rate of 200 francs to 220 francs in 1912, to 300 francs in 1915, and to 330 francs in 1916. In 1907 the droit d'importation in Senegal was equal to the duty—that is, it was 200 francs per hectoliter of pure alcohol. Foreign alcohols paid a surtax of 30 francs in addition to this. In 1915 and 1916 the duty plus the surtax in Senegal was just equal to the duty in Dahomey and the Ivory Coast. The rates on wine have been increased also, though the decree of November 1, 1916, restored to 10 per cent ad valorem the rate on wines with less than 15° of alcohol.38

The duties collected in Dahomey and in the Ivory Coast are not altogether the same. In the former, kola nuts and building materials are free, and there are lower rates than in the latter on tobacco, gunpowder, and saltpeter. In the Ivory Coast coffee pays a specific instead of the ad valorem rate. A general revision of the West African tariff was made by a decree of November 1, 1916. This revision adds some items to the free list and many items to the list of commodities taxed at specific rates, and it increases the rates on others. The textile rates of 1914 are increased 15 per cent. (See p. 199 for some of the specific rates of Dahomey and the Ivory Coast.)

Export duties.—The considerable list of export duties previously found throughout West Africa on coffee, palm oil, nuts, etc., was swept away in 1905 and only the 7 per cent duty on rubber remained. But the war has again introduced a long list of duties. Rubber remains at 7 per cent; ivory pays 10 per cent; palm oil 66 francs per 1,000 kilograms; and the dutiable list includes peanuts, kola nuts,

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38 The French legislation of 1915 prohibiting the sale or manufacture of absinthe is applicable to all the colonies, as is also later legislation prohibiting the sale of alcohol generally.

39 According to the exchange of notes on Jan. 23, 1893, between M. Hanotaux and the English ambassador in Paris, "the export duties should not exceed in any case 7 per cent ad valorem according to the official valuations of each colony." This sentence is a separate paragraph in art. 3 of the agreement, but as the agreement was concerned exclusively with the boundary between Sierra Leone and French Guinea and the French Sudan, this sentence should doubtless be construed to refer to the land frontiers in spite of the general way in which it is worded. It follows immediately after the statement that there should be no higher import or export duties upon the land frontier than agreed upon than upon imports or exports by sea. (Ministère des Colonies. Documents Diplomatiques. Délimitation des Possessions Françaises à la Côte Occidentale d'Afrique, 1889-1895. Paris, 1895, p. 20.)
gum arabic, gum copal, cocoa, grains, horses, cattle, sheep, skins, wool, animal wax, feathers and bird skins, and charcoal. 38

Exports to France.—Under the power conferred upon the Government by the law of 1892, to decree special exemptions or reductions from the French minimum tariff for the benefit of the nonassimilated colonies, four decrees have been issued affecting Dahomey and the Ivory Coast. Since 1892 palm and other oils and woods have been admitted from these colonies, as part of West Africa, free and in unlimited quantities. Later decrees grant only reductions of duty, and these only for quantities prescribed by decree annually. Coffee from West Africa 39 has been admitted since 1892 at a rebate of 78 francs per hundred kilograms. 40 Cocoa from Dahomey has been admitted at one-half of the general tariff rate since 1907 and from the Ivory Coast since 1911. 41

FRENCH INDIA.

Commercial importance.—Of the French Empire in India, five scattered fragments remain. 42 Their total area is less than 200 square miles, and their total population less than 300,000. Their average total trade for the years 1909-1913 was 36,600,000 francs. In 1913 they exported less than 11,000,000 francs worth of their own products, while goods valued at over 32,000,000 francs passed through in transit.

Tariff—Duties on spirits only.—The tariffs in the French settlements in India are fixed individually for the different settlements, although they are prepared upon the advice of the general council of the French settlements in India. The only duties levied in the settlements are those on liquors. 43 Monopolies have been granted in all of these settlements except Chandernagar, on spirits and opium, and the Government gets the equivalent of a customs duty from the concessions. There is also a state monopoly on salt in the same settlements, and in Pondicherry there is a monopoly of tobacco. In addition to the monopoly, there are also in Pondicherry, Karikal, and Chandernagar consumption duties on beverages imported or manufactured in the colony, as follows:

- Wine in casks, 4 rupees 44 per hectaroliter.
- Wine in bottles, 6 rupees per hectaroliter.
- Cider and perry, 4 rupees per hectaroliter.
- Beer in casks, 3 rupees per hectaroliter.
- Beer in bottles, 4 rupees per hectaroliter.

Spirits, liquors, etc., of European origin or form, pay 90 rupees per hectaroliter of pure alcohol in the two former and 120 rupees in the last-named colony.

38 Decree of Nov. 1, 1916. Coefficients of increase have been applied to some export duties (B. T. J. July 21, 1921).
39 In practice from the Ivory Coast and Guinea. Coffee is not mentioned among the exports of Dahomey in 1914, and in 1913 the exportation was 119 kilograms, of which 27 went to France.
40 The rebate accorded to the assimilated colonies from 1892 to 1913.
41 See table on p. 195.
42 The ports are Pondicherry, Karikal, Mahé, Yanaon, and Chandernagar, but the last named has been so silted up as to make it practically useless as a port.
43 Except in the case of mineral oils in Pondicherry and Karikal where there is a consumption tax on imports and on local production not exported of 2 francs per can of 19 liters. 1 fanon equals 80,624.
44 The rupee equals 0.32443. For change in value during the war, and for recent plans regarding the rupee see p. 331. Four rupees per hectaroliter equals nearly $0.05 per gallon.
Exports to France and to other colonies.—The tariff act of 1892 did not include the French settlements in India in the lists of assimilated colonies. But by exception from the rule that the products of the nonassimilated colonies are subject to the minimum tariff in France, it was provided that "longcloth 46 of French origin proceeding from the French settlements in India shall, however, be free of duty" in France.

All products of French India were admitted free into the other French colonies, under the rule of intercolonial free trade, from 1892 to 1904, but in that year, on account of the difficulty of determining the origin of articles exported from these scattered settlements, their products were excluded from the benefit of this rule—except that—

French India shall, however, be entitled to import annually into the French Colonies free of duty, 2,000,000 kilograms of cotton fabrics of all kinds up to No. 26, French; 1,500,000 kilograms of yarn limited to No. 20. The exemption shall not be granted to fabrics unless they have been woven from yarns manufactured at Pondicherry. 47

EQUATORIAL AFRICA.

Commercial importance.—According to estimates made in 1915, Equatorial Africa contained a population of 6,270,000. The Provinces of Gaboon, the Middle Congo, Oubangi-Chari, and Chad were said to have, respectively, 1,300,000, 1,390,000, 1,590,000, and 2,090,000 inhabitants. There are available no figures, either for population or for trade, which correspond to the tariff divisions of the country. The average total trade of the Middle Congo and Oubangi-Chari-Chad, which include most of the open-door territory, for the years 1909–1913 was 28,500,000 francs.

TARIFF.

Treaty provisions—Conference of Berlin—The open door.—The geographical basin of the Congo forms the bulk of the territory controlled by the general act of the conference of Berlin (1884–85) providing for free trade in Central Africa with no discriminations against merchandise of any origin or under any flag. It appears first in the definition of this territory in Article I of the act. This territory, together with additional areas both on the east and on the west, is generally known as the Conventional Basin of the Congo. On the Indian Ocean this open-door zone extends from 5° north to the mouth of the Zambesi and on the Atlantic from 2° 30' south to the mouth of the Logé. From the coast at 2° 30' south, understood to be Sette Kama, the boundary of the open-door zone runs straight east, except where it bends southward to avoid the basin of the Ogowé, and, returning to the parallel 2° 30' south, follows that line to the basin of the Congo proper. Accordingly, French Equatorial Africa, which is situated astride this line, and even that part of it

45 The character of this cloth, known in French as guinées, is defined in a decree of Dec. 29, 1911, Circ. 4225.
47 Law of Apr. 19, 1904. There are four cotton mills at Pondicherry with 1,000 looms and 171,000 spindles.
185766°—22——15
known as Gaboon, is divided for tariff purposes into two parts. The basin of the Ogowé and the northern part of the coast is assimilated and has the French tariff, while the southern part of the coast and the great interior has a simple tariff of ad valorem rates in no way related to that of France. The Lake Chad country lies largely outside of the Congo Basin, but comes within the equality provisions of the treaty of 1898 with Great Britain by provision of a complementary declaration of March 21, 1899, which guaranteed the open door in the territory between 5° and 14° 20' north and 14° 20' east and the Nile.

The open door.—The general act of the conference of Berlin laid down very precise rules for the commerce of Central Africa, stipulating that "commerce of all nations shall enjoy complete liberty" in the territory described; that "all flags, without distinction of nationality, shall have free access to the whole of the coast of the aforesaid territory, to the rivers flowing into the sea, to all the waters of the Congo and all of its affluents," etc.; that "merchandise of every origin imported into these territories under whatsoever flag, by sea or by river or by land, shall pay no other duties than those which might be levied as an equitable compensation for expenditure for commerce and which must therefore be paid equally by nationals and by foreigners of every nationality"; that "all differential treatment is forbidden in regard to ships as well as to merchandise"; that "merchandise imported into the aforesaid territories shall be free from import duties and transit duties"; and that "foreigners shall enjoy, without distinction, for the protection of their persons and their goods, for the acquisition and transmission of property, movable and immovable, and for the practice of professions, the same treatment and the same rights as nationals."

Brussels conference.—The conference of Berlin, by forbidding the imposition of import duties, compelled the states concerned to rely largely on export duties. The revenue from the duties levied proved insufficient, especially for the needs of the Congo State, though the rates were higher than are now thought, for economic reasons, desirable. This unsatisfactory fiscal situation was modified by the conference of Brussels in 1890, which by a declaration added to the main act, allowed the levying of import duties not exceeding 10 per cent ad valorem in the Conventional Basin of the Congo. This confer-

46 Gaboon was enlarged by decree of Feb. 11, 1906, so as to include the Lango and Nyanga-Mayumbe districts, which are within the Conventional Basin of the Congo. Gaboon outside of the Conventional Basin then had only about one-eighth of the total area of Equatorial Africa. Girault: Op. cit., pp. 203-204.

47 In 1918 a strip of coast extending for some miles north of the river Kwilu was added to the Middle Congo, but Gaboon still includes territory within the Conventional Basin, and the Middle Congo, territory outside of that basin. See maps with the article by H. Pobeguin. L'Afrique Francaise, Nov. 1920, Sup. pp. 185-196.

48 With exceptions, see pp. 169, 171.

49 At Sette Kama there are two customshouses, one north of the dividing line and collecting the French tariff rates upon foreign goods while admitting French goods free, and one south of the line, collecting the moderate duties of Equatorial Africa. French goods enter through the northern, and foreign goods through the southern, customshouses, and after being carried inland are distributed on both sides of the line. (L'Economiste Francais, July 10, 1920, p. 38.)

50 Sup. p. 144.

51 Arts. 1-5, Arts. 13-25 and 26-33 deal with the freedom of navigation of the Congo and its affluents, and of the Niger. For a more extended discussion of this treaty, including the revision negotiated in 1919, see pp. 85ff.

52 Declaration of July 2, 1890. In 1885 the powers had reserved the right to revise the prohibition on import duties at the end of 20 years. The declaration of 1890 was valid for 15 years, so that it has been subject to revision, by the earlier agreement, since 1905. For the revision of 1919, not yet ratified, see p. 121. Circulaire No. 4842, announcing the tariff of 1912, mentions that since the denounced of the treaty with Portugal, the tariff of Equatorial Africa is restricted only by the principles laid down in 1885 and 1890.
ence decided further that the sale of arms within the territory between 20° north and 22° south (including French Equatorial Africa, West Africa, and Somaliland) should be limited (Arts. 8 and 12), and that the rate of duty on alcohol should not be less than 15 francs per hectoliter on liquors of an alcoholic strength of 50° and that after three years the rate might be raised to 25 francs (Arts. 90–95). This minimum rate on alcohol was amended to 70 and then to 100 francs per hectoliter, and the revision signed in 1919 raises it to 400 francs.  

Arrangement with Portugal and the Congo State.—By the protocol of Lisbon, April 8, 1892, France, Portugal, and the Congo Free State agreed upon a common tariff for their territories in the Conventional Basin of the Congo. This agreement provided for import duties 55 of 6 per cent on goods generally. By exception, arms and ammunition and salt were to pay 10 per cent. Alcohol was already provided for by treaty. Ships and boats, steam and similar machines and tools for industry and agriculture, were to pay 3 per cent after a lapse of four years. Railway materials and equipment of all kinds were to pay 3 per cent after the completion of the railway in question. Scientific instruments, religious equipment, and the baggage of travelers and colonists were to enter free. The export duties agreed upon in 1892 were 10 per cent on rubber and ivory (on valuations to be fixed yearly), and 5 per cent on coffee, palm oil and kernels, groundnuts, copal, and sesame. This agreement was effective for 10 years and was continued from time to time without other changes than the raising of the general rate from 6 to 10 per cent in 1902, 56 until the agreement was finally denounced by France on July 2, 1911. The rates were continued provisionally until a new tariff was established by decree of October 11, 1912.

The tariff of 1912.—The tariff decree of 1912 made little change in the system. It established rates of 3 per cent on coal, heavy and crude oils, machines, vessels, and railway materials; 5 per cent on animals, grain, building materials, iron and steel, sheet iron, and construction iron; and 10 per cent on all other articles. Cocoa, coffee, vanilla, tobacco, dry manioc, and exotic woods were specially mentioned as dutiable at this rate. The rate on alcohol was 200 francs per hectoliter of 100° strength, in accordance with treaty requirements.

Export duties.—By the decree of 1912 the other items on the export duty list were dropped, leaving only the 10 per cent on rubber and ivory. A decree of December 14, 1914, established export duties of 5 per cent on whalebone, 3 per cent on oils and fats from fish, whales, seals, etc., and one-half per cent on fertilizers and wastes from these animals, 57 and a decree of January 12, 1921, added duties of 5 per cent on palm oil and palm kernels.

Exports to France.—Exports from French Equatorial Africa entering France have the benefit of two slight reductions—coffee in the bean pays 124 francs instead of the minimum rate of 136 francs, and cocoa in the bean pays 95 francs instead of 104 francs. These reduc-

54 T. c., 800 francs per hectoliter of pure alcohol.
55 The French called their duties droits d’importation, to avoid the term droits de douane, which in their usage is confined to such duties as fall only on foreign goods.
56 The valuations were raised simultaneously by the three countries in 1907.
57 There is a special taxe de recette on all rubber produced on land not included in special concessions, in order to prevent others from having an advantage over the concessionnaires.
tions, made by the decree of April 22, 1899, were limited by the rule followed in all such cases that the reduction must be offset by a duty of like amount on foreign imports into the colonies. As the duties in Equatorial Africa were limited to 6 per cent at that time, the reduction could be only the small amount named. Since the duty was increased to 10 per cent no change has been made in the preferences. The quantities of coffee and cocoa to be admitted at these rates are fixed annually.

NEW HEBRIDES.

Commercial importance.—The population of the New Hebrides Islands is estimated at 70,000, including over 1,000 British and French. In 1914 the trade with the French colonies was 2,440,000 francs. The Interstate Commission of Australia in a report published in 1918 accepted estimates placing the total imports at £150,000 (3,675,000 francs) and the exports at £140,000 (3,440,000 francs).

Tariff—Duties established by Franco-British treaty.—Since Great Britain and France agreed in 1878 that neither would annex the New Hebrides, a joint administration has been developing, and the situation is now governed by the treaty of London, ratified October 20, 1906. This provides that there shall be no differential duties in the New Hebrides, and no duties of any kind except such as the French and English shall agree upon. For some years there were no import duties, but a joint regulation of December 28, 1912, established the general rate of 5 per cent on all articles except those on the free list and a score of items where the duty is specific. Two years later, the general rate was made 10 per cent; and coffee, cocoa, vanilla, and allspice were added to the list of items subject to specific duties. The free list included cereals, fresh fruits, vegetables, and animals; agricultural, electric, mining, sawing, sugar and coffee-making machinery; all sorts of boats and their equipment; steam engines and boilers; books and other printed matter; coal, cement, drugs, and surgical instruments. The duties enumerated include 20 per cent on certain alcoholic drinks; 100 per cent on detonators and all arms (other than those of precision and revolvers for the exclusive use of the importer, which pay 10 per cent); 11½d. per kilogram on tobacco; 1s. 7½d. upon cigars and cigarettes; and heavy duties on coffee, cocoa, vanilla, and allspice. The duties on the last-mentioned products are, respectively, £12, £4 3s. 2d., £32, and £16 per 100 kilograms, i. e., the rates of the French general tariff.

Exports to France.—A law of July 30, 1900, authorized the Government to determine definitively "the customs régime applicable in France and the French colonies to the produce of the Isles and lands designated, [when] harvested or fabricated by agricultural or commercial establishments owned or exploited by Frenchmen, or by French civil or commercial companies." Accordingly by decrees of November 12, 1901, it was provided that certain products of the New Hebrides should be admitted at special rates to France and New Caledonia. The quantities were to be fixed annually by decree, and the amount of each product which each French producer or com-

*Interstate Commission of Australia: British and Australian Trade In the South Pacific, 1918, p. 13.
pany might export at these reduced rates should be determined by the Commissaire Général de la République dans l'Océan Pacifique. Direct importation is required, but transshipment at Nouméa (New Caledonia) is allowed. The articles named in 1901 were coffee, cocoa, vanilla, and maize, and the rates on the first three were those accorded to the assimilated colonies by Table E of the French tariff schedules.60

On maize the rate was 2 francs instead of the 3 francs of the general tariff. These were the only articles in which there was at that time a trade of any importance. In the following year free importation into New Caledonia was granted for the fruits of the New Hebrides—bananas, oranges, pineapples, lemons, breadfruits, etc.—and yams, without limitation as to quantity. A decree of April 16, 1904, allowed limited quantities of maize to enter New Caledonia (but not France) free, and permitted limited quantities of all products of the New Hebrides to enter any other colony free. The nature and the quantity of these products were to be fixed in the same way as by the law of 1901. The decrees regulating the amounts which may thus be exported to the colonies other than New Caledonia have not as yet specified with regard to any items except coffee, cocoa, and vanilla, and in some years the last named has been omitted. No specification has been made regarding the quantity of maize which may be sent into France at the reduced rate.61

There is no understanding (such as was conceded apparently in the case of Tunis) that the amounts specified shall not be increased by a second decree in the course of a single year. A decree of October 10, 1911, increased the amount of coffee admitted at the special rate for the year July 1, 1910, to June 30, 1911—that is, a year which had already expired three months before—on the ground that the 500,000 kilograms fixed by the decree of August 10, 1910, had been exceeded.

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60 Coffee, minimum duty less 78 francs, or 58 francs; cocoa and vanilla, one-half the duty, or 52 and 208 francs, respectively.

61 A decree of Dec. 13, 1919, fixed the quantities to be admitted free in the year ending June 30, 1920, as follows: Into France and New Caledonia, coffee, 429,000 kilos; cocoa, 800,000 kilos. Into New Caledonia, maize, 1,283,000 kilos. Into other French colonies, coffee, 50,000 kilos; cocoa, 5,000 kilos.
COLONIAL TARIFF POLICIES.

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NOTE.—For other works on Morocco, see the bibliography attached to the chapter on the Colonial Tariff Policy of Spain, p. 569.

STATISTICAL AND OFFICIAL WORKS.


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TEXTS OF TARIFFS.

[See also p. 835.]

Annuaire du Commerce, Didot-Bottin. Paris, annually. 1914 was the one-hundred and seventeenth year. Gives the schedules of the colonial tariffs. Better than Kelly, but not free from errors.

France:


Indo-China:


Morocco:


Oceania:


Somaliland:


Tunis:


West Africa:


TEXTS OF TREATIES.

See the list given on page 834.
# Chapter IV.
## COLONIAL TARIFF POLICY OF GERMANY.

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<td>Samoan Islands—</td>
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<td>Bibliography</td>
<td>263</td>
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</tbody>
</table>
Germany.

I. Introduction.

The German Colonies.

Circumstances of acquisition.—The colonial empire of Germany, unlike the empires of Great Britain and France, was of late and comparatively sudden acquisition. Germany first assumed the authority and responsibility of a colony-holding power on April 24, 1884; on that day Bismarck announced officially that a section of the southwest coast of Africa was under German protection. Within less than two years thereafter the German flag was flying in East Africa, Kamerun, and Togo, and in New Guinea and adjacent islands. The territories thus suddenly acquired, when they had been explored and their inland boundaries had been fixed—a process far along by 1900—were found to have a total area of a million square miles. The subsequent acquisitions were relatively small in area, and, except for the strategic position of Kiaochow in the commerce of China, unimportant. The Caroline Islands were purchased from Spain in 1899, and German Samoa was obtained in 1900 by a division of the Samoan Islands among the interested powers.¹ In 1911–12, Germany forced France to cede 100,000 square miles of French Equatorial Africa, which increased the area of Kamerun by that amount.

For some decades before Germany's entry into the colonial field geographers and explorers had been taking increasing interest in the Dark Continent. The British had been spasmodically and reluctantly advancing inland from some of their old establishments on the coast and the French had been leisurely enlarging their sphere of control in West Africa. Interest in Africa increased more rapidly after Henry M. Stanley revealed the course and extent of the Congo River in 1877. In the early eighties there was competition between France and the International African Association² for the control of the western outlets of the Congo Basin. In 1881 France had assumed a protectorate over Tunis, and in the following year the British entered Egypt. But the French refused to participate in the intervention in Egypt and the British intended only a short stay. The anti-colonialism of the middle of the nineteenth century died but slowly.

In Germany there had long been an academic interest in colonies. The subject had been discussed in the Congress of Frankfurt in 1848, Germany furnished at least her fair share of the explorers and scientists who were making Africa known. But it was not until 1879, when Frederick Fabri published his book "Does Germany Need Colonies?" ³ that public opinion began to develop rapidly in favor of German colonies. In December of 1882 the German Colonial Association [Deutsches Kolonialverein] was founded, and from that time a colonial party may be said to have existed. Several currents of opinion united to give force to the colonial movement in Germany. The two most important of these flowed from a consideration of the state of the population. In the 50 years preceding 1880 some 4,000,000 emigrants had left Germany, and in the years 1880–1885 the number was 880,000. Many publicists lamented this loss to the

---

¹ Germany, Great Britain, and the United States.
² King Leopold's organization which developed into the Congo Free State.
³ Bedarf Deutschland der Kolonien
nation, a loss which directly strengthened commercial rivals and possible enemies. They desired colonies to which this stream of emigration could be directed so that it would remain under the German flag. Other publicists fixed their attention on the Germans who stayed at home. They found that the population of Germany was increasing by upward of half a million annually in spite of the emigration. Their estimates were that Germany’s population in 1900 would be from 65 to 80 millions and they believed that this meant general pauperism.

Among the means which they suggested to enable Germany to support so vast a population, the acquisition of colonies was given a prominent place. Colonies were to furnish raw materials and provide outlets for manufactured goods. Merchants complained that because of the growing protectionism of foreign countries their markets were decreased from day to day. Other factors aided the colonial movement. The supporters of a policy of naval development pointed out the need of distant ports as bases and coaling stations. The glamor of empire appealed to some, and certain chauvinists regretted that Cochin China had not been taken from France in 1871. German commercial interests in various south Pacific Islands were comparatively large, in some cases predominant. These interests had had difficulties with Great Britain in regard to property titles after the establishment of British authority in Fiji in 1874. They advocated German annexation of the territories in which they were interested. On the whole, however, the colonial movement in Germany was “an evolution of feeling, a mania rather than a reasoned national policy.”

In this discussion of colonial enterprise the subject of colonial tariffs as distinct from national systems of protection received little attention. The greatest colonial power, Great Britain, was unshaken in its adherence to free trade, Holland had recently removed the discriminatory features of her colonial tariffs, and only very minor discriminations had as yet been introduced in the French colonial tariffs. Both in Tunis and in Egypt treaties guaranteed the continuance of equality of treatment. Bismarck was, by his own affirmation, “no colony man.” He agreed with the admission of Fabri that colonies were, politically, a weakness rather than a strength. He wished France to involve herself in such undertakings, but not Germany. He believed that the industrialization of Germany would enable her to sustain a population relatively as dense as that of England [say 90 millions] and he refused to aid emigration. At length, however, he yielded to public opinion in the matter of colonial policy and the sudden acquisition of large areas was the result. Bismarck’s idea was that the colonies should be commercial and exploiting centers, directed by private initiative, and protected but not controlled by Germany. In June, 1884, he told the Reichstag that he contemplated only a single representative of imperial authority in each colony and no garrison. Bismarck’s view of colonies as suppliers of raw ma-

terials rather than as markets for German goods and his desire to avoid colonial complications either in domestic or in foreign politics made the policy of the open door a natural one for him to follow. The draft of the Anglo-Portuguese treaty of February, 1884, by which Great Britain would have recognized Portuguese sovereignty over the mouth of the Congo, would have imposed the open-door policy in this territory, and Leopold was promising free trade in the whole basin of the Congo as an inducement for the recognition of his claims there. At the conference of Berlin, November, 1884—February, 1885, free trade was adopted as the rule for central Africa. The circumstances of the time thus explain not only the sudden entry of Germany into the list of colonial powers but also the early adoption of the open-door policy.

The colonies have not always been popular in Germany. With changing circumstances, e.g., the virtual disappearance of German emigration, the defenders of the colonies later supported their case with new arguments. More stress was put upon the investment of national capital in railway, mining, and other concessions, the occupation of strategic commercial points, and the use of colonial markets either as national reserves or as means of obtaining concessions from other countries. As Herr Dernburg expressed it—

A country's own colonies become an instrument of commercial policy, since a nation secures rights and privileges in foreign colonies only when it can offer corresponding rights and privileges in its own colonies.  

Location, area, population.—According to geographical location, the German colonies were of three groups, as follows:

1. In Africa: Togo, Kamerun, German Southwest Africa, and German East Africa.

2. In the Pacific Ocean: German New Guinea (a general designation for the northeastern part of the island of New Guinea called Kaiser Wilhelm's Land, the Bismarck Archipelago, the Caroline, Pelew, Marianna, Solomon, and Marshall Islands) and a portion of the Samoan Islands, notably Savaii and Upolu.

3. In Asia: The German Leased Territory of Kiaochow, including the Bay of Kiaochow, on the coast of the Chinese Province of Shan-tung.

With the exception of Kiaochow and the southern portion of Southwest Africa, all of these regions were located in the Tropics and were therefore not suitable for settlement by Europeans in large numbers. Kiaochow is a small area with considerable Chinese population, and much of Southwest Africa was scarcely habitable. It was not reasonable, therefore, to expect a large diversion of German emigration to the German colonies. By 1913 the white population in all the German colonies had reached a total of only 28,846, i.e., one European to every 425 natives and to every 40 square miles.

The area and population of the former German colonies is shown in Table 1.

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6 On the date of this draft see p. 82.
7 See pp. 82, 84.
8 Zielpunkte des Deutschen Kolonialwesens, 1907, p. 43.
9 Herr Dernburg, the colonial minister, writing in 1897, divided the German possessions into two classes—"settlement colonies" and "plantation colonies." He included in the settlement colonies Southwest Africa, the high regions of East Africa, and certain of the Pacific Islands, somewhat optimistically placing in this group about one-half of the total area. The plantation colonies he frankly admitted were not suitable for permanent settlement by Europeans. Zielpunkte des Deutschen Kolonialwesens, p. 33.
<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Per square mile</td>
</tr>
<tr>
<td>East Africa</td>
<td>384,000</td>
<td>7,666,336</td>
</tr>
<tr>
<td>Kamerun</td>
<td>298,000</td>
<td>2,635,871</td>
</tr>
<tr>
<td>Togo</td>
<td>34,000</td>
<td>1,032,368</td>
</tr>
<tr>
<td>Southwest Africa</td>
<td>322,000</td>
<td>99,380</td>
</tr>
<tr>
<td>New Guinea</td>
<td>95,000</td>
<td>603,427</td>
</tr>
<tr>
<td>Samoa</td>
<td>1,000</td>
<td>33,544</td>
</tr>
<tr>
<td>Kiaoehow</td>
<td>219</td>
<td>194,470</td>
</tr>
<tr>
<td>Total</td>
<td>1,134,193</td>
<td>12,286,816</td>
</tr>
</tbody>
</table>

1 Based on figures in Statistisches Jahrbuch für das Deutsche Reich, 1915, p. 427, and Statesman's Year-Book, 1914. For somewhat different figures and more details, see the Peace Handbooks of the British Foreign Office, Nos. 110–113, and 146.
2 Some of these figures include the German garrisons.
3 Chielfly East Indians, who controlled the retail trade.
4 Not determined.
5 The smaller islands have only about 1 per cent of the area of Kaiser Wilhelm's Land and the Bismarck Archipelago. Their white population, however, was nearly half as great.

The figures for the white population, it should be noted, include German military forces as well as the civil administrative officials, also engineers and others whose local residence was temporary. Hence the number of actual settlers and business men of European origin was considerably less than 28,846. In Southwest Africa alone the white troops numbered 2,171 in 1912.10

The native population in the African colonies was not large in proportion to the area inhabited, consequently serious difficulties were encountered in gathering a sufficient labor force for the exploitation of colonial resources. In some of the African colonies, notably Southwest Africa, the number of natives diminished under German rule. In East Africa, on the other hand, the native population probably doubled in the 30 years preceding the World War.11

COMMERCIAL IMPORTANCE OF THE COLONIES.

The German colonies exported such tropical products as rubber, sisal hemp, palm and other vegetable oils and butters, coffee, cocoa, cotton, and ivory. Diamonds were the most important mineral export;12 there were also small amounts of copper, tin, and lead. The important imports were textiles, principally cottons, and various iron and steel wares, such as agricultural tools and machinery and mining and railway equipment, for the use of white settlers; also considerable quantities of alcoholic liquors, tobacco, and firearms. Some of the colonies, notably Southwest Africa, depended to a large extent upon the import of foreign foodstuffs, mainly rice and other cereals, frozen meat, and dried fish. The total foreign trade was, in comparison with that of the colonies of some other countries, insignificant in volume, but it was increasing rapidly.

12 The life of the fields is said to be limited.
Value of imports and exports, 1907–1913.—The values of the imports and exports of the various colonies in the years 1907–1913 are shown in Table 2.

Table 2.—Trade of the German colonies, 1907–1913.
[In thousands of marks.]

<table>
<thead>
<tr>
<th>Imports</th>
<th>1907</th>
<th>1908</th>
<th>1909</th>
<th>1910</th>
<th>1911</th>
<th>1912</th>
<th>1913</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Africa</td>
<td>23,806</td>
<td>25,787</td>
<td>33,942</td>
<td>38,659</td>
<td>45,892</td>
<td>50,309</td>
<td>53,358</td>
</tr>
<tr>
<td>Kamerun</td>
<td>17,297</td>
<td>16,789</td>
<td>17,723</td>
<td>25,580</td>
<td>26,317</td>
<td>34,212</td>
<td>34,616</td>
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<tr>
<td>Togo</td>
<td>6,700</td>
<td>8,509</td>
<td>11,235</td>
<td>10,817</td>
<td>9,620</td>
<td>11,428</td>
<td>10,631</td>
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<tr>
<td>Southwest Africa</td>
<td>32,396</td>
<td>33,179</td>
<td>34,713</td>
<td>44,344</td>
<td>45,302</td>
<td>32,499</td>
<td>43,426</td>
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<tr>
<td>African colonies</td>
<td>80,199</td>
<td>84,284</td>
<td>97,013</td>
<td>119,400</td>
<td>130,131</td>
<td>128,478</td>
<td>142,041</td>
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<tr>
<td>New Guinea</td>
<td>5,729</td>
<td>5,093</td>
<td>6,461</td>
<td>5,979</td>
<td>8,015</td>
<td>9,207</td>
<td>9,207</td>
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<td>Samoa</td>
<td>2,526</td>
<td>2,593</td>
<td>3,338</td>
<td>3,462</td>
<td>4,066</td>
<td>4,994</td>
<td>5,676</td>
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<td>Pacific Island colonies</td>
<td>8,564</td>
<td>7,593</td>
<td>9,799</td>
<td>9,441</td>
<td>12,081</td>
<td>11,201</td>
<td>14,883</td>
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<tr>
<td>Kiaochow</td>
<td>70,097</td>
<td>54,954</td>
<td>67,868</td>
<td>73,588</td>
<td>74,199</td>
<td>97,752</td>
<td>107,050</td>
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<tr>
<td>All colonies</td>
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<td>146,811</td>
<td>175,280</td>
<td>202,199</td>
<td>216,371</td>
<td>240,431</td>
<td>260,904</td>
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</table>

<table>
<thead>
<tr>
<th>Exports</th>
<th>1907</th>
<th>1908</th>
<th>1909</th>
<th>1910</th>
<th>1911</th>
<th>1912</th>
<th>1913</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Africa</td>
<td>12,500</td>
<td>10,874</td>
<td>13,120</td>
<td>20,805</td>
<td>22,438</td>
<td>31,418</td>
<td>35,550</td>
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<tr>
<td>Kamerun</td>
<td>16,591</td>
<td>12,164</td>
<td>15,448</td>
<td>19,924</td>
<td>21,251</td>
<td>23,336</td>
<td>29,151</td>
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<tr>
<td>Togo</td>
<td>5,916</td>
<td>6,803</td>
<td>7,372</td>
<td>7,222</td>
<td>9,317</td>
<td>9,859</td>
<td>9,138</td>
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<tr>
<td>Southwest Africa</td>
<td>1,616</td>
<td>7,795</td>
<td>22,071</td>
<td>34,692</td>
<td>28,573</td>
<td>38,935</td>
<td>70,302</td>
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<td>African colonies</td>
<td>35,923</td>
<td>37,726</td>
<td>58,011</td>
<td>82,643</td>
<td>81,579</td>
<td>103,748</td>
<td>144,141</td>
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<tr>
<td>New Guinea</td>
<td>3,470</td>
<td>6,033</td>
<td>8,328</td>
<td>14,665</td>
<td>12,026</td>
<td>12,087</td>
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<tr>
<td>Samoa</td>
<td>1,770</td>
<td>2,671</td>
<td>3,021</td>
<td>3,534</td>
<td>4,590</td>
<td>5,005</td>
<td>5,339</td>
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<tr>
<td>Pacific Island colonies</td>
<td>5,240</td>
<td>8,724</td>
<td>11,349</td>
<td>18,199</td>
<td>16,416</td>
<td>17,132</td>
<td>15,544</td>
</tr>
<tr>
<td>Kiaochow</td>
<td>28,233</td>
<td>32,971</td>
<td>39,199</td>
<td>47,098</td>
<td>54,588</td>
<td>77,998</td>
<td>79,133</td>
</tr>
<tr>
<td>All colonies</td>
<td>69,396</td>
<td>79,421</td>
<td>106,559</td>
<td>148,233</td>
<td>152,593</td>
<td>198,878</td>
<td>238,818</td>
</tr>
<tr>
<td>Total trade</td>
<td>228,238</td>
<td>226,232</td>
<td>283,839</td>
<td>350,434</td>
<td>368,949</td>
<td>439,309</td>
<td>492,782</td>
</tr>
</tbody>
</table>

1 Increase in imports, 1907–1913, 80.4 per cent.
2 The statistics for New Guinea for 1913 not being available, the 1912 figures for that colony have been repeated. Imports were divided as follows: Kaiser Wilhelm's Land, 5,872; East Caroline and Marshall Islands, 1963; West Caroline, Pelew, and Marian Islands, 1,372; Exports were 5,641, 5,184, and 1,682, respectively.
3 Increase in exports, 1907–1913, 223.8 per cent.
4 Increase in total trade, 1907–1913, 128.9 per cent.

Trade between Germany and the colonies.—The trade of the colonies was largely with the mother country. In every case at least one-half of their exports went to Germany, and in the more important colonies at least one-half of the imports came from Germany. In Kamerun and Southwest Africa the trade with Germany amounted to fully 80 per cent of the total.

Table 3 shows in detail the value of the trade of each colony with Germany in the year 1912 and the proportionate importance of this trade.

### Table 3. — Trade of the colonies with Germany, 1912.1

[In thousands of marks.]

<table>
<thead>
<tr>
<th>Colony</th>
<th>Imports</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>From Germany</td>
<td>Per cent from Germany</td>
<td>Total</td>
<td>To Germany</td>
</tr>
<tr>
<td>East Africa</td>
<td>52,299</td>
<td>25,519</td>
<td>51.32</td>
<td>31,418</td>
<td>17,827</td>
</tr>
<tr>
<td>Kamerun</td>
<td>34,219</td>
<td>27,475</td>
<td>79.78</td>
<td>23,339</td>
<td>19,416</td>
</tr>
<tr>
<td>Southwest Africa</td>
<td>32,499</td>
<td>26,415</td>
<td>81.36</td>
<td>39,035</td>
<td>32,414</td>
</tr>
<tr>
<td>Togo</td>
<td>11,428</td>
<td>4,820</td>
<td>42.18</td>
<td>9,109</td>
<td>5,887</td>
</tr>
<tr>
<td>African colonies</td>
<td>128,478</td>
<td>84,297</td>
<td>65.61</td>
<td>103,748</td>
<td>75,060</td>
</tr>
<tr>
<td>Kiao-Hoow</td>
<td>97,752</td>
<td>8,570</td>
<td>9.07</td>
<td>77,198</td>
<td>5,886</td>
</tr>
<tr>
<td>New Guinea</td>
<td>9,207</td>
<td>3,177</td>
<td>34.50</td>
<td>12,087</td>
<td>6,480</td>
</tr>
<tr>
<td>Samoa</td>
<td>4,294</td>
<td>986</td>
<td>19.74</td>
<td>5,045</td>
<td>2,536</td>
</tr>
<tr>
<td>Pacific colonies</td>
<td>114,938</td>
<td>13,033</td>
<td>11.64</td>
<td>95,100</td>
<td>14,882</td>
</tr>
<tr>
<td>All colonies</td>
<td>240,431</td>
<td>97,330</td>
<td></td>
<td>439,309</td>
<td>90,512</td>
</tr>
</tbody>
</table>

1 Berlin figures, except for Kiao-Hoow, for which the colonial statistics had to be used. See the footnote to Table 4, at the bottom of this page.

In the sum total of Germany’s imports and exports the trade with the colonies was of small importance, either in its aggregate value or in the significance of individual items. In 1913 the total foreign trade of the German Empire (including the trade with its colonies) was valued at 22,547,000,000 marks; of this the trade with its colonies was 115,400,000 marks,1 one-half of 1 per cent of the total. The following table shows the principal raw materials which Germany received from her colonies 14 in 1913 and the relative importance of the colonies as compared with other sources of supply.

### Table 4. — Principal commodities imported into Germany, 1913; total and share from German colonies.5

[In thousands of marks.]

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Total imports</th>
<th>Imports from colonies</th>
<th>Per cent imported from colonies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sisal hemp</td>
<td>2,346</td>
<td>1,893</td>
<td>80.69</td>
</tr>
<tr>
<td>Rubber</td>
<td>125,698</td>
<td>8,643</td>
<td>6.84</td>
</tr>
<tr>
<td>Palm kernels</td>
<td>106,986</td>
<td>7,726</td>
<td>7.22</td>
</tr>
<tr>
<td>Palm oil</td>
<td>9,577</td>
<td>888</td>
<td>8.99</td>
</tr>
<tr>
<td>Beeswax</td>
<td>8,832</td>
<td>790</td>
<td>8.95</td>
</tr>
<tr>
<td>Copper ore</td>
<td>4,430</td>
<td>248</td>
<td>7.96</td>
</tr>
<tr>
<td>Copra</td>
<td>121,929</td>
<td>4,673</td>
<td>3.81</td>
</tr>
<tr>
<td>Cocoa</td>
<td>67,102</td>
<td>1,964</td>
<td>2.93</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>28,192</td>
<td>1,143</td>
<td>4.04</td>
</tr>
<tr>
<td>Cotton, raw</td>
<td>697,124</td>
<td>2,308</td>
<td>0.39</td>
</tr>
<tr>
<td>Cattle hides, dried</td>
<td>139,929</td>
<td>625</td>
<td>0.45</td>
</tr>
<tr>
<td>Cattle hides, green</td>
<td>181,777</td>
<td>30</td>
<td>0.00</td>
</tr>
<tr>
<td>Other hides and skins</td>
<td>212,445</td>
<td>170</td>
<td>0.08</td>
</tr>
<tr>
<td>Coffee</td>
<td>219,575</td>
<td>639</td>
<td>0.29</td>
</tr>
<tr>
<td>Tin</td>
<td>58,150</td>
<td>21</td>
<td>0.03</td>
</tr>
<tr>
<td>Total</td>
<td>1,611,756</td>
<td>31,316</td>
<td>1.655</td>
</tr>
</tbody>
</table>

14 Except German Samoa, for which returns are not available. This comparison with the total German trade is based on the Berlin statistics; for the discrepancies between these and the colonial figures relating to the same trade, see the next footnote.

1 Statistik des Deutschen Reichs, 1914. Auswärtiger Handel, der Verkehr mit den einzelnen Ländern. These figures, collected by the customs houses of Germany, are necessarily used in the absence of colonial figures showing exports by articles and countries. Their totals do not agree, however, with the totals published by the colonial authorities. A close comparison, e. g., of the quantities and values of the articles
II. Government of the German Colonies.

ORDINANCE POWERS OF THE KAISER AND THE IMPERIAL CHANCELLOR.

In considering the government of the German colonies it is important to recognize in the first place that the colonies were not regarded as constituent parts (Bestandteile) of the Empire; they were external territory held under the sovereignty of the Confederated States. The government of this external territory (Ausland) was given over to the Kaiser by the law of April 16, 1886, the Bundesrat and Reichstag surrendering in regard to it many of the powers which they exercised in the government of the home country (Inland). The Kaiser's legislative powers in the colonies were exercised by means of imperial ordinances. The ordinance-making power was limited to those matters for which statutory regulations had not already been made by the Imperial Legislature. However, in the domain of public law it was thought best to leave the Kaiser practically free from statutory interference, and consequently the framework of the colonial governmental and administrative systems was devised by him and his advisers and was altered from time to time without the cooperation of the legislature. The Reichstag took part in the framing of statutes which provided for the individual rights of the colonists, the protection of life, of liberty, and of property. Statutory regulations and not ordinances furnished the foundation for private rights, the penal code, and the system of judicial procedure in the colonies.

The ordinance-making power of the Kaiser was further limited by constitutional and statutory provisions which required the approval of imperial legislation for certain changes involving the expenditure of public funds. In the law of March 30, 1892, certain rules were laid down to govern the preparation of the annual budget for the colonies; it was provided that all proposals for expenditure and for taxation must be prepared in advance and be approved by both Reichstag and Bundesrat. Inasmuch as important changes in the administration of the colonies usually involved additional expense, the plans of the Government were dependent on the cooperation of the Imperial Legislature.

Imported from each colony as shown in the German (Berlin) import figures with the total quantities and values of products exported from the colonies to all destinations as shown in the colonial figures, shows either that the colonial figures assign too much of their trade to Germany or the German (Berlin) figures attribute too little to the colonies, or that the colonial trade is divided between Germany and foreign countries according to the prices of goods sold and the grades of products purchased, in a most remarkable and improbable manner. The figures of Southwest Africa can not be reconciled in any manner. The Berlin figures show imports of diamonds from Southwest Africa in 1912 as 4,236,000 marks. The colonial figures show that diamonds constituted 39,414,000 marks out of the total exports of 39,035,000, and then indicate that of this total 32,454,000 represented exports to Germany. If these figures are correct at least 25,533,000 marks' worth of diamonds must have been included in the exports to Germany. According to the reports of the Diamanten-Regie 97 per cent of the diamonds were sold in Amsterdam.

The total value of the imports into Germany from the colonies in 1912, according to the German figures, was 104,278,000 marks (including gold and silver); according to the colonial figures it was 173,400,000. The valuations assigned in Germany should be higher by the amount of the freight, insurance, etc., but even so the maximum error of the Berlin figures does not exceed about 100 per cent—a.e., the total importation of the raw materials included in the table may have been 3.31 per cent instead of 1.655 per cent.

The Berlin figures give the details only for the special trade. The general trade is given by groups of articles and these figures show that the error of using the figures of special trade is very small. The larger items may also be found in the tables which give the trade by articles as they also give the more important countries of origin and destination. In these tables Southwest Africa was credited with the same amount and value of diamonds in 1912 under the head of general trade as under the head of special trade. 15

15 Par. 1 of the law of 1886 reads: "The Kaiser exercises the powers of government (Schutzgewalt) in the protectorates in the name of the Empire." Quoted by Köbler, Otto: Einführung in die Kolonialpolitik, Jena, 1908, p. 119.
The highest official in the colonial administration was the imperial chancellor. The ordinance-making power was in part delegated to the chancellor by the Kaiser and in part assigned to him by the colonial law (Schutzgebietgesetz) of 1886, which provided that the chancellor should make the necessary regulations for the execution of the imperial statutes concerning the colonies. In addition the chancellor was authorized to issue various sorts of regulations, such as police ordinances, with limited penalties for their infringement. He made wide use of the powers thus intrusted to him, and as a result a large part of the administration of the colonies was founded upon his ordinances.

All of the colonies except Kiaochow were under the control of the imperial colonial office (Reichskolonialamt), created in 1907. The creation of this independent department in the Imperial Government was a part of the reforms in colonial policy brought about at the accession of Herr Dernburg as colonial minister. Previously the colonial bureau had been a subdivision of the office of foreign affairs. Kiaochow was governed, in view of its special character as a naval base, through the imperial ministry of marine. As an advisory body to assist the colonial office, there was provided a colonial council, the members of which were appointed by the chancellor. This council was abolished in 1908 and was replaced in 1910 by a “permanent commission to aid the colonial administration in the consideration of economic questions.” The new commission was to be made up of representatives of the chambers of commerce of the great manufacturing and commercial centers. The commission was summoned only once during the years 1910–1913; in the latter year its membership was increased from 11 to 25.

THE LOCAL AUTHORITIES.

In each colony there was a governor, appointed by and subject to the central authorities in the mother country. The governor was assisted by an advisory council, which, however, had no real legislative powers. This council was composed partly of colonial officials and partly of representatives of the white inhabitants, selected by the governor. By the imperial chancellor’s ordinance of July 24, 1903, a uniform constitution was given to colonial councils in all of the colonies except Kiaochow. The administration was carried on largely through ordinances made by the governor, by virtue of the powers delegated to him by the imperial chancellor and by the Kaiser. The governor laid before the council the estimates for the annual budget and the proposed ordinances, but he was not bound to take the advice of his councillors. Important ordinances, such as those revising the tariffs of the colonies, required the assent of the home authorities.

17 In Kiaochow the civil population was allowed to have four representatives in the governor’s council, a body composed of the heads of administrative departments; and in addition there was a committee of the Chinese population to cooperate with the German colonial officials in the government of the Chinese.
Atrocious attempts were made to introduce the representative principle into local government. In East Africa local assemblies (Kommunale Verbände) were organized (1901), containing from 6 to 10 members; of these, all were appointed by the governor and one-half were officials. The native population was represented by at least one member in each assembly. All of the more important decisions made by these assemblies required the approval of the governor.

Although tentative steps had been taken in the direction of giving the representatives of the people, particularly of the whites, a voice in governmental affairs, it can be seen that self-government was in no sense existent. The paucity of the white population and the low level of intelligence of the natives precluded much progress in this direction. However, the colonists were asking for a greater share in their public affairs, and the organization of a suitable system of participation for them was recognized as one of the future problems of German colonial policy.18

FINANCIAL POLICY AND ADMINISTRATION.

General policy.—It may be said to have been a guiding principle of German colonial financial policy to make the colonies self-supporting. But the Government did not, as a means toward this end, adopt a cheeseparing policy. The plan followed was not so much to keep expenditures low as to make the revenues large.19 Consequently, they did not hesitate to appropriate large sums for public buildings, such as schools and government offices, and for railways, highways, harbor improvements, and other public works. Such expenditures, particularly those necessary to facilitate transportation and communication, they regarded in the same light as the investment of capital by a business firm in a new undertaking. Initial expenditure must be large in order to insure eventual productivity. In the meantime they endeavored to make the colonial revenues as productive as possible. But the raising of taxes in all new countries is difficult; the natives generally have no great taxpaying ability, and the expense of collecting taxes from them is likely to be large in proportion to the amounts collected; the white settlers must not be discouraged by heavy tax burdens; the productivity of colonial enterprises is at first small and uncertain. The inevitable result, therefore, of a policy such as that adopted by the Germans must be an excess of expenditure over income and, consequently, a series of deficits in the annual budgets of the colonies, deficits which must be met by subsidies from the treasury of the mother country.

The subsidies for the colonies cost the German Imperial Government, from 1884 up to and including the appropriations for 1914, 867,441,118 marks, about $206,451,000. During the years 1910–1914 the cost averaged about 30,000,000 marks ($7,500,000) per year.20

18 The statements of fact in the description of the administration of the German colonies are taken largely from Köhner, pp. 119–124, 144–147; also from Zeopfi, O.: Kolonien und Kolonialpolitik, in Konrad's Handwörterbuch der Staatswissenschaften, 3d ed., 1910, Vol. 5, pp. 921–1008.

19 This feature of German financial policy was commented on by English writers in The United Empire, new series, Vol. VI, pp. 209–213, and Vol. IX, p. 288. See Köhner, op. cit., p. 137.

20 The figures for 1884–1912 are given by Kuhn, Holzräth, in Die Deutschen Schutzgebiete, Berlin, 1913, pp. 206–209. To these have been added the estimates for 1913 and 1914 from the Haushaltsstat der Schutzgebiete for 1914.
**Progress toward financial independence.**—Progress toward the goal of self-sufficiency in the finances of the colonies was steady in the years immediately preceding the outbreak of the European war. As early as 1908 imperial subsidies had been found unnecessary in two of the smaller colonies, Togo and Samoa. For the remaining colonies the subsidies remained practically constant in amount, but formed a decreasing proportion of the total ordinary expenditures, as is shown in Table 5.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (ordinary) expenditures</th>
<th>Imperial subsidies</th>
<th>Per cent of expenditures met by subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1909</td>
<td>1,000 marks</td>
<td>1,000 marks</td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>68,110</td>
<td>29,399</td>
<td>42.5</td>
</tr>
<tr>
<td>1911</td>
<td>96,690</td>
<td>25,736</td>
<td>26.4</td>
</tr>
<tr>
<td>1912</td>
<td>87,620</td>
<td>29,296</td>
<td>33.4</td>
</tr>
<tr>
<td>1913</td>
<td>101,310</td>
<td>31,961</td>
<td>31.2</td>
</tr>
<tr>
<td>1914</td>
<td>109,170</td>
<td>30,796</td>
<td>28.3</td>
</tr>
</tbody>
</table>

Among the changes brought about upon the accession of Herr Dernburg to the post of colonial minister was the revision of accounting methods; the system previously followed had long rendered difficult a clear understanding of the financial situation in the colonies. After 1908 "extraordinary" expenditures (the cost of permanent improvements such as railways, harbor works, etc.) were defrayed by loans whereas formerly these matters had been handled in current expense accounts as charges against colonial revenues.

An attempt was also made, in the years preceding the war, to segregate the expenses of the military establishments in the colonies from the costs of their civil administrations. Thus the German authorities implicitly recognized the principle already found in the colonial systems of Great Britain and France, that the expenses of defending the colonies against foreign aggression, as well as against native uprisings, should be borne by the mother country. The separation of expenses seems to have been effected throughout except in the case of Kiaochow, where the budget estimates for 1914 show an item of joint expenditure for military and civil administration.

**Financial condition of the colonies before the European war.**—An official summary of the financial situation just before the outbreak of the war was given in the colonial budget report for 1914, wherein appears the following statement:

With the exception of New Guinea, for whose development increased expenditures are necessary, the expenses of the civil administration are covered without subsidies.

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21 Of the tropical colonies, Togo was in many respects the most successful.
22 Statistisches Jahrbuch, 1915; Kuhn: Op. cit.; and Haushaltszetat der Schutzgebiete, 1914. For 1913 and 1914 there are available only estimates. The change in accounting methods introduced in 1908 makes comparison of the later figures with those of previous years practically impossible. The large expense which was incurred in putting down the insurrection in Southwest Africa in 1908 invalidates the use of the figures for that year for purposes of comparison.
23 February, 1907.
24 The African colonies issued their own loans, the Imperial Government guaranteeing both principal and interest. The total amount of such loans issued in the years 1908-1914 was 285,127,000 marks. (Haushaltszetat, 1914.) The Imperial treasury issued loans direct for permanent improvements in New Guinea, in Samoa, and in Kiaochow.
from the imperial treasury. The expenditures for military protection in the colonies in which special troops are maintained were borne in the past exclusively by the Empire; in 1913 only Southwest Africa afforded a moderate contribution to these expenses. The present financial condition of this colony permits an increase in the estimate for this contribution. East Africa also is in position to afford a contribution for military expenses. In those colonies in which military protection is afforded by the constabulary, the expenses are met by the colonies. In the expenses of the civil government is not included the cost of maintaining the postal and telegraphic service in the colonies. The subsidies necessary for these services in all colonies are furnished by the Empire.

Effect of self-sufficing policy on tariffs.—The task of making the colonies pay their way, even when the costs of permanent works and of military protection are excluded, was full of difficulties; that it was accomplished within a single generation is remarkable. The increase in colonial revenues in the years 1904–1914, shown in the following tabular statement, was made possible by the growth in the productivity of colonial industries and in the consuming power of the native and European population, a growth evidenced by the increase of colonial foreign trade.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (in marks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1904</td>
<td>13,580</td>
</tr>
<tr>
<td>1905</td>
<td>15,300</td>
</tr>
<tr>
<td>1906</td>
<td>18,210</td>
</tr>
<tr>
<td>1907</td>
<td>23,580</td>
</tr>
<tr>
<td>1908</td>
<td>24,110</td>
</tr>
<tr>
<td>1909</td>
<td>42,530</td>
</tr>
<tr>
<td>1910</td>
<td>48,720</td>
</tr>
<tr>
<td>1911</td>
<td>53,180</td>
</tr>
<tr>
<td>1912</td>
<td>64,520</td>
</tr>
<tr>
<td>1913</td>
<td>67,930</td>
</tr>
<tr>
<td>1914</td>
<td>68,170</td>
</tr>
</tbody>
</table>

Import and export duties were so assessed as to take maximum advantage of the increasing taxpaying ability of the population. Zoepf* remarks that financial independence of the colonies was attained only by putting a severe strain upon the productivity of colonial revenues. Customs duties and taxes of all kinds were considerably increased, and in addition the colonies were burdened with a heavy debt for extraordinary expenditures, the interest on which they were unable to pay.

ANALYSIS OF COLONIAL REVENUES, 1910–1914.

The following table shows the amount of revenue collected in the German colonies and the principal sources from which it was derived, for the years 1910, 1912, and 1914.

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25 The cost of the colonial telegraph and postal service, above receipts, was estimated at 1,475,105 marks for the year 1914.
26 Statistisches Jahrbuch, 1915. The figures for 1913 and 1914 are estimates.
28 Statistisches Jahrbuch, 1915, and Haushaltsstat, 1914.
![Table 6.—Sources of colonial revenue.](In thousands of marks.)

<table>
<thead>
<tr>
<th>Colony</th>
<th>Total revenue</th>
<th>Direct taxes on natives</th>
<th>Customs duties</th>
<th>Other revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Per cent of total</td>
<td>Amount</td>
<td>Per cent of total</td>
</tr>
<tr>
<td>East Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>13,170</td>
<td>3,789</td>
<td>4,058</td>
<td>30.8</td>
</tr>
<tr>
<td>1912</td>
<td>15,880</td>
<td>4,967</td>
<td>5,150</td>
<td>33.0</td>
</tr>
<tr>
<td>1914</td>
<td>16,510</td>
<td>5,130</td>
<td>5,550</td>
<td>33.6</td>
</tr>
<tr>
<td>Kamerun</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>6,980</td>
<td>1,547</td>
<td>4,005</td>
<td>57.4</td>
</tr>
<tr>
<td>1912</td>
<td>10,330</td>
<td>2,383</td>
<td>5,241</td>
<td>50.9</td>
</tr>
<tr>
<td>1914</td>
<td>11,310</td>
<td>3,000</td>
<td>5,881</td>
<td>52.0</td>
</tr>
<tr>
<td>Togo</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>3,240</td>
<td>650</td>
<td>1,801</td>
<td>55.6</td>
</tr>
<tr>
<td>1912</td>
<td>3,510</td>
<td>715</td>
<td>1,863</td>
<td>53.1</td>
</tr>
<tr>
<td>1914</td>
<td>3,500</td>
<td>680</td>
<td>1,788</td>
<td>51.1</td>
</tr>
<tr>
<td>Southwest Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>18,090</td>
<td></td>
<td>7,334</td>
<td>45.2</td>
</tr>
<tr>
<td>1912</td>
<td>21,150</td>
<td></td>
<td>9,932</td>
<td>41.0</td>
</tr>
<tr>
<td>1914</td>
<td>23,500</td>
<td></td>
<td>2,031</td>
<td>8.6</td>
</tr>
<tr>
<td>New Guinea</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>1,590</td>
<td>13</td>
<td>849</td>
<td>54.4</td>
</tr>
<tr>
<td>1912</td>
<td>1,990</td>
<td>16</td>
<td>570</td>
<td>47.3</td>
</tr>
<tr>
<td>1913</td>
<td>2,100</td>
<td>16</td>
<td>1,150</td>
<td>54.8</td>
</tr>
<tr>
<td>Samoa</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>860</td>
<td>210</td>
<td>447</td>
<td>52.0</td>
</tr>
<tr>
<td>1912</td>
<td>1,180</td>
<td>210</td>
<td>572</td>
<td>48.5</td>
</tr>
<tr>
<td>1914</td>
<td>1,190</td>
<td>210</td>
<td>666</td>
<td>56.0</td>
</tr>
<tr>
<td>All colonies (excluding Kiao-chow)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td>43,900</td>
<td>6,129</td>
<td>18,494</td>
<td>42.1</td>
</tr>
<tr>
<td>1912</td>
<td>56,770</td>
<td>8,294</td>
<td>25,628</td>
<td>41.6</td>
</tr>
<tr>
<td>1914</td>
<td>58,110</td>
<td>9,066</td>
<td>17,066</td>
<td>29.4</td>
</tr>
</tbody>
</table>

Customs duties were the most important single source of revenue; in 1914 it was estimated that they would produce about 30 per cent of the total colonial revenues. The sharp decrease in the total customs receipts after 1912 was the result of the repeal of the 33 1/3 per cent export duty on diamonds from Southwest Africa. Customs duties produced more than one-half the revenues of Kamerun, Togo, New Guinea, and Samoa; in East Africa they produced only one-third of the total revenues, but were nevertheless more important than any other tax. The higher stage of economic development of Southwest Africa permitted the imposition of excise and income taxes. In that colony the customs receipts, derived in 1909–1913 were principally from the export duty on diamonds.

Next in importance to the customs as a source of colonial revenues were the various direct taxes imposed on the natives, such as the hut tax in East Africa and the head taxes in New Guinea and Samoa. Taxes on the natives were most productive, comparatively, in East Africa and Kamerun. They were employed in all the colonies except Southwest Africa. In Samoa the head tax was 20 marks on adult males, native and European alike.

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29 Dec. 31, 1912.
30 In Samoa graduated license taxes took the place of an income tax.
31 In Kamerun the natives in Kamerun was described in the Deutsche Kolonial Zeitung, Apr. 26, 1913, p. 282. Every able-bodied adult male native was required to pay a yearly tax of 10 marks. Every native who had an income of over 100 marks per annum was required to pay a supertax, which was levied in proportion to the number of wives he supported. The taxes were payable either in money or in labor. The native chiefs were employed to collect the taxes, receiving a 10 per cent commission on amounts collected for their services.
Among the miscellaneous sources of revenue were license fees of all kinds, liquor dealers' licenses, traders' and artisans' and itinerant peddlers' licenses, hunting licenses, etc. Heavy taxes were imposed on corporations organized to exploit natural resources. Revenue was also derived from royalties collected by the colonial governments on the diamond mines in Southwest Africa and the phosphate mines in the Pacific islands.

III. Colonial Tariff Policy and System.

Treaties and German Colonial Tariff Policy.

Germany, Holland, and Great Britain have maintained the open door in their colonies, while other colonial powers have been steadily shutting the doors in the regions which they control. This requires some explanation.

Of the three, the case of Germany—a protectionist country with a bargaining tariff—most requires explanation. It is soon found that the problem is chiefly that of declaring the reasons for which Bismarck adopted the policy and committed his country to its indefinite continuance by embodying it in conventions with no time limit. Germany's great colonial possessions were acquired in 1884 and 1885, and before the end of the following year the open door had been pledged for all this territory except Southwest Africa. Bismarck was then in full control of the foreign policy of his country and was therefore responsible not only for the adoption of the open-door principle, but also for committing the Empire to its indefinite continuance. It is generally recognized that Bismarck was not interested in colonies and that he yielded to public opinion in the policy of annexing territory. He would have the State involve itself in no complications whatever by the possession of distant territories, and his Government put most of the territories which it acquired under the administration of chartered companies. This skepticism as to the value of colonies and this desire to escape disputes regarding them naturally increased his willingness to guarantee equal treatment to foreigners in the German colonies. Certain features of international politics at the time also made the adoption of this policy natural.

The first formal obligation to maintain the open door in her colonies was undertaken by Germany in the signing and ratifying of the general act of the conference of Berlin in the spring of 1885. The Berlin conference was convened to settle certain problems of West Central Africa which had grown out of the conflicting claims of Portugal, France, and the organization which developed into the Congo Free State. One of the more immediate causes lay in the signature of the Anglo-Portuguese treaty of 1884, whose ratification would have constituted an English recognition of Portuguese title to the left bank of the lower Congo River. This treaty-draft contained pledges by Portugal for the equal treatment of the commerce of all nations in the territory thus recognized as hers, but various provisions of

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33 In 1914 the yield of the tax on the diamond-mining industry in Southwest Africa, substituted for the export tax in 1893, was estimated at 13,760,000 marks. From Haushaltsestat, 1914.
34 For the cases of Holland and Great Britain see pp. 460-462 and p. 287.
it were not satisfactory either to British merchants or to the continental powers. Free trade was also one of the inducements held out by Leopold to gain support for his undertaking in the Congo Basin. It is not surprising, therefore, that when the Franco-German invitations were issued for the conference of Berlin, they included as part of the proposed program the establishment of a régime of equal opportunity in the territory in dispute. After the meeting of the conference, largely through the efforts of the American delegates, the "Conventional basin of the Congo" was defined to include not only the whole watershed of the Congo River but additional territory on both coasts of Africa. The provisions of the general act of the conference of Berlin, which are set forth in greater detail on page 85, not only guaranteed equal opportunity for the commerce of all nations but entirely forbade import or transit dues. This prohibition was modified in 1890 and later to permit import duties not exceeding 10 per cent ad valorem, except that higher rates were permitted on alcoholic beverages and arms. The convention applied specifically to future acquisitions of territory, and in ratifying it Germany thereby accepted its obligations for the whole of German East Africa, then in process of formation, and for part of Kamerun, including the greater part of the 100,000 square miles ceded by France in 1912.

The open door in the whole of Kamerun and in Togo was further pledged in an exchange of notes with Great Britain in May and June, 1885, relating to the territories of the two countries situated on the Gulf of Guinea. In the note of May 16, 1885, Lord Granville stated that Her Majesty's Government was prepared to give every assurance that "duties will be levied solely for the purpose of meeting the expenses necessary to enable them to carry out the obligations imposed upon them by the protectorates, and that they will be as moderate as possible"; Her Majesty's Government "will be fully prepared to apply to the British protectorates the provisions of the second paragraph of the fifth article of the act of Berlin, which accords protection to persons and property of foreigners, and to engage that there will be no differential treatment of foreigners as to settlement or access to markets, it being understood that the regulation of these questions must be subject to administrative dispositions in the interests of commerce and of order"; Her Majesty's Government was "prepared to give every assurance that there shall be no differential treatment of foreigners or foreign goods." Count Munster replied on June 2, giving like assurances on behalf of the German Government, except that instead of making the pledges for all "foreigners" he used the term "British." These notes contain no limitation as to time. In the settlement of the eastern boundary of Kamerun in 1894, Germany gave pledges to France that there would be no differential treatment of commerce in the eastern and northeastern part of Kamerun, on the routes of communication between Lake Chad, the upper Benué and the upper Sangha. The treaty established freedom of navigation on the Benué, Chari, Logone, and other rivers.

In April of 1886 Sir Edward Malet, the British ambassador in Berlin, and Count Herbert Bismarck signed declarations relating

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2 Bernhardt: Handbook of Commercial Treaties, p. 437. This is an official publication by the British foreign office of British treaties in force in 1912. Die Handelsverträge des Deutschen Reichs, 1906, p. 255. This is also an official publication, issued by the Reichsamt des Innern. This work is cited hereafter as Handelsverträge.
to the establishment of the open door in the islands of the Pacific between latitudes 15° north and 30° south and between longitudes 130° east and 165° west of Greenwich. The two Governments “having resolved to guarantee to each other, so soon as the British and German spheres of influence in the western Pacific shall have been demarcated, reciprocal freedom of trade and commerce in their possessions and protectorates within the limits specified in the present declaration,” agreed that “the ships of both States shall in all respects reciprocally enjoy equal treatment as well as most-favored-nation treatment, and merchandise of whatever origin imported by the subjects of either State, under whatever flag, shall not be liable to any other or higher duties than that imported by the subjects of other States or of any third power.” The limits defined include the whole of the western Pacific from but not including the Samoan Islands to the Dutch East Indies, but the British self-governing colonies were specifically excluded. It should be noted that the agreement was made to apply to future acquisitions; it therefore came later to apply to the Caroline and the Pelew Islands purchased from Spain in 1899; but the Marianna Islands lie mostly beyond 15° north and were thus in part technically outside its sphere of application.

The spheres of Germany and Great Britain in the western Pacific had been tentatively assigned by declarations of April 6, 1886, but the Samoan, Savage, and Tonga Islands continued “to form neutral regions.” This neutral status with an international control was found unsatisfactory, particularly in Samoa, and by treaties of 1899 the Savage and the Tonga Islands were assigned to Great Britain, and the Samoan Islands were divided between Germany and the United States, with longitude 171° west as the boundary. By Article III of the treaty of December 2, 1899—February 16, 1900, “it is understood and agreed that each of the three signatory powers shall continue to enjoy in respect to their commerce and commercial vessels, in all the islands of the Samoan group, privileges and conditions equal to those enjoyed by the sovereign power in all ports which may be open to the commerce of either of them.”

While the German pledges in regard to the open door in Kamerun, Togo, and Samoa were made only to the British or to the British and Americans, they were in practice, through the operation of the most-favored-nation clause, necessarily more or less general in their application.

The situation of Kiaochow would naturally suggest that it be made a free port, or at least a port where the duties were very low. In this respect its situation is similar to that of Hongkong, Macao, Djibuti, and the ports of French India. In addition, the tariff policy to be pursued there was restricted both by the terms of conventions and agreements which Germany made with China and by open-door pledges given in 1899 in reply to proposals which emanated from the Government of the United States.

26 As is also recognized in the declaration accompanying the treaty of Nov. 14, 1899, in regard to the Savage and Tonga Islands.
27 Treaty, Germany-Great Britain, of Nov. 14, 1899.
29 United States, Great Britain, and Germany.
The inhabitants of the German colonies had no voice in the determination of their customs tariffs. These tariffs were based upon ordinances of the imperial chancellor and ordinances of the colonial governors, to whom had been given wide power of modifying the schedules, subject to approval of the imperial colonial office. The governors were, it should be remarked, appointed and not elected officers. Proposals for changes in the tariff were laid by the governors before their councils, but the decisions of the councils were not mandatory.

CHARACTER AND PRINCIPLE OF THE SCHEDULES.

The tariffs of the colonies contained schedules of both import and export duties, except that in Togo and Samoa there were no export duties. In Samoa the council voted in December, 1913, in favor of imposing export duties on copra and cocoa. These duties had not been sanctioned when the war began, but they were put in force after the occupation by the New Zealand administration.

A uniform feature of the tariffs was a general or "blanket" duty of 10 per cent ad valorem on all imports. This was found in all colonies except Southwest Africa and Samoa. Samoa was an exception only in that the rate was 12½ per cent. There was a schedule of specially enumerated articles, some of which were subjected to a specific duty and others to an ad valorem duty higher than 10 per cent. The "enumerated" articles included the chief revenue producers, such as alcoholic liquors, tobacco, salt, sugar, and occasionally other food products.

Export duties were levied upon those products which were most valuable—that is, upon those branches of the export trade deemed best able to stand taxation. Thus, in New Guinea, there were export duties upon tortoise shells and the skins of the bird of paradise; in East Africa, upon ivory and hides; and in Kamerun, upon rubber and kola nuts.

It seems to have been intended that the burden of taxation should be borne as far as possible by the native population. It was certainly intended that settlement colonization should not be discouraged and that it should, on the contrary, be definitely encouraged. In the tariffs of Southwest Africa, Kamerun, Togo, and German East Africa there were long lists of commodities which were exempted from import duties when brought in for the use of settlers. The goods thus exempted included machines and implements of all sorts for use in the construction of railways and in the development of plantations, all kinds of carriages, wagons, and rolling stock, and such building materials as lime, cement, corrugated sheet iron, and steel construction material. On special application prospective settlers could import free of duty articles for domestic use, such as furniture, household effects, wearing apparel, etc. Other items which appeared in the free lists were domestic animals, seeds, and plants, fuel, oils, ice, mineral water, printed books, coffins, tombstones, and funeral ornaments. These diverse commodities possess a common character-

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41 Togo and Samoa were the only colonies which were able to pay their expenses out of their own revenues.
istic—they would contribute to the success, comfort, and satisfaction of Europeans resident or traveling in the colonies.

The results accomplished were described in the Koloniale Rundschau as follows:

The export taxes fall, since the products of the European plantations are freed from tax, almost exclusively upon the natives. Also in the case of imports the articles consumed by the colored people, principally the textiles, bear the greatest part of the taxes, while seeds, fertilizers, machines of all kinds, instruments, appliances to aid transportation, and barbed wire are duty free.\textsuperscript{43}

Rates.—The general level of customs duties on an ad valorem basis is indicated in Table 7.

\textbf{Table 7.—Customs receipts, 1913.}

\begin{tabular}{|l|c|c|c|}
\hline
 & Value & Revenue & Average  \\
 & & therefrom & rate ad \ 
 & & & valorem. \\
\hline
East Africa & 53,358 & 4,451 & 8.24 \\
Kamerun & 34,616 & 4,190 & 12.10 \\
Togo & 10,631 & 1,774 & 16.69 \\
Southwest Africa & 61,426 & 2,900 & 4.76 \\
New Guinea (1912) & 9,207 & 818 & 8.88 \\
Samos & 5,676 & 570 & 10.04 \\
All colonies (except Kiaochow) & 156,914 & 13,873 & 8.84 \\
\hline
\end{tabular}

\textbf{Exports.}

\begin{tabular}{|l|c|c|}
\hline
 & Value & Revenue \\
 & & therefrom \\
\hline
East Africa & 35,550 & 1,054 \\
Kamerun & 29,151 & 1,176 \\
Togo & 9,138 & 51 \\
Southwest Africa & 70,302 & 53 \\
New Guinea (1912) & 12,087 & 227 \\
Samos & 5,359 & \\
All colonies (except Kiaochow) & 161,567 & 2,511 \\
\hline
\end{tabular}

\textsuperscript{1} Excluding the salt-consumption duty, the stamp tax on playing cards, shipping dues, the wood tax, and other receipts (Nebeneinnahmen) of the customs houses. These came to 336,000 marks in the fiscal year ended Mar. 31, 1913. The import duty on salt was Rs. 0.60 and the consumption duty Rs. 2.75 per 100 kilos. The latter is levied on domestic production and thus deprives the total duty of much of its protective influence.

\textsuperscript{2} This is the figure for customs and related receipts (which are not reported separately) but does not include other collections by the customs—785,000 marks for harbor dues and 104,000 marks for beer and brandy taxes. These are large items and their inclusion with the customs duties would bring the average rate on imports to 6.77 per cent, though evidently they should not be charged entirely against imports. The revenue figures in the table have been collected from monthly or quarterly figures in the Deutschen Kolonialblatt, 1913 and 1914, passim. For the other colonies the figures for import duties and export duties are given separately, but since the beginning of the fiscal year 1911-12 those for Southwest Africa have given only the totals. The yield of the export duties of Southwest Africa in 1910-11, excluding the duty on diamonds, was only 1,296.80 marks. The export duty can not be calculated from the trade statistics—guano is not given separately, and male and female sheep and goats are not separated. The only dutiable item which reveals the amount of duty payable is seal skins, of which only 1,541 were exported in 1913, yielding presumably the same number of marks of revenue. On this basis 3,000 marks have been deducted from the total customs receipts and assigned to revenue from export duties in the table.

\textsuperscript{3} The revenue from export duties in 1913 was 325,000 marks; from import duties, 973,000 marks.

\textsuperscript{4} No export duties.

Unfortunately the published statistics do not give the total values of dutiable and free merchandise, nor are there any figures which give the revenue collected from the different items of trade. From the table, however, it is evident that in Kamerun and Togo the few important items of the import trade, dutiable at specific rates, materially

\textsuperscript{43} Koloniale Rundschau, 1913, p. 166.
increased the average rate, since the general rate on articles not specified was only 10 per cent and there were extensive free lists. In Southwest Africa, where the rates on tobacco and liquors were much heavier than in the other German colonies, the vast bulk of the trade was free of duty. The tariff system of Southwest Africa was thus very similar to that of many of the British Crown colonies, which have free trade except for duties on alcoholic beverages and on tobacco and a few other items.

Treatment of alcoholic liquors and firearms; duties and regulations. — Import duties on alcoholic liquors and firearms, found in the tariffs of all the colonies, were productive of revenue, but the chief purpose seems to have been the desire to keep these articles out of the hands of the natives. In all the colonies the importation and sale of firearms and ammunition were in the control of the governmental authorities, and careful measures were taken to limit the sale of arms to the Europeans. In its legislation regarding the trade in alcoholic liquors and firearms, the Imperial Government followed in general the provisions of the Brussels act of 1890 and its amendments of 1899 and 1906.

Conservation of natural resources. — Certain export duties seem to have been imposed with a desire to protect the native wild animals and natural resources of the colonies. Illustrations are found in the duty on ostriches exported from East Africa, which was increased by the governor’s ordinance in 1911 from 10 rupees to 1,000 rupees on each bird, and in a high duty imposed upon the export of female cattle from Southwest Africa. The duties upon guano exports from the same colony may have been dictated by motives of conservation. In some cases this policy resulted in the absolute prohibition of exports, as in the case of Angora goats in Southwest Africa.

NO EVIDENCE OF TARIFF PREFERENCES.

The German colonial tariffs were all based on the open-door principle. Their schedules contained no preferences either in import or in export duties; nor were colonial products given preferential treatment when imported into Germany. The products of the colonies had in Germany the benefit only of the rates of the conventional tariff.

The absence of preferential duties in the German colonial tariff system contrasts strikingly with the prevalence of such duties in the tariffs of several other great commercial nations. As already seen, this open-door policy, so far as most of the colonies were concerned,

44 This applied strictly to modern breech-loading weapons. Smooth-bore muzzle-loaders and trade gunpowder were sold to the natives in some of the colonies. Trade in firearms and ammunition was prohibited in the customs territory of New Guinea, as well as in certain parts of Kamerun, in Togo, and in Southwest Africa. In Samoa and East Africa arms and ammunition were subject to heavy import duties.


46 Deutsches Kolonialblatt, 1911, p. 738. The rupee has equaled, normally, 32.44 cents in United States money. But see p. 351.

47 Up to 1892 Germany had a single schedule of import duties applicable to goods of all origins. In the preceding year, negotiations had been begun which resulted in a series of treaties with Austria-Hungary, Belgium, Switzerland, Russia, and other countries granting to their products the lower rates specified in these treaties. These rates and those which succeeded them under later treaties are known as the “conventional tariff” as distinguished from the statutory tariff in force on products of countries which neither have made special concessions to Germany nor are entitled to most-favored-nation treatment. In the short interval between the establishment of the conventional rates and June 2, 1893, colonial products paid the higher statutory and not the lower conventional rates. The reductions of the conventional tariff were, however, of little interest to the colonies, coffee being the only one of their exports affected and the quantity of coffee then produced in the German colonies was insignificant.
was pledged without a time limitation, by international obligations entered into by Bismarck. Later, its abandonment was freely advocated in German colonial circles which were particularly impressed by the growth of the preferential system in the colonies of other countries. The available sources do not disclose, however, that any attempt was made on the part of the German Government to secure a revision of the international agreements which guaranteed equal treatment in the German and other colonies. Nor did the advocates of preferential tariffs succeed in winning over the German Government to the application of that policy to German exports to Southwest Africa—where alone it might have been applied without a revision of treaty obligations—or to the imports of colonial products into Germany. In the presence of these facts and factors—on the one hand an open-door policy inherited from a previous generation and not susceptible of easy change, and on the other a public opinion increasingly dissatisfied with this policy as other nations departed further from it—it is natural to inquire whether preferences to German trade were accorded indirectly. Concealed preferences are sometimes found in tariff schedules which present the most innocent appearance. There are also, as will be shown later, many kinds of preference which may be accorded to national trade quite independently of tariff provisions.

To begin with, it may be noted that no author, German or foreign, has accused the Germans of manipulating the colonial tariff schedules in favor of German trade. These authors probably reflect the general opinion of European merchants who had a practical knowledge of the subject.

In such simple schedules as those of the German colonial tariffs preferences can not easily be concealed, but it is possible, if desired, to give slight advantages by granting free entry or low rates to those classes of merchandise which are imported predominantly from the mother country. But the very fact that a whole class is designated rather than special varieties or makes, renders such exemption or imposition of a low rate of little consequence in international competition.

The existence and the amount of such concealed preferences can be detected by comparison of the tariff schedules and the trade statistics, if the latter are sufficiently detailed and accurate. The trade statistics of the German colonies do not meet this requirement, they afford data sufficient only for the drawing of tentative and limited deductions.

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49 Another device is to put ad valorem duties on commodities of which the cheaper qualities come from the mother country and specific duties on those of which she supplies the better qualities. In Southwest Africa all the duties were specific and in the other colonies most of the duties were specific except the uniform ad valorem rate on all goods not free and not otherwise dutiable. The Germans therefore seem to have made no use of this device.

50 The data needed are tables of trade, by commodities and countries, giving for each item the duty, if any, paid thereon. This last is particularly necessary where there are extensive transactions on behalf of the government, officials, missions, settlers, etc., whose imports are free even though they are composed of goods upon the dutiable list. The German colonies published tables showing only exports and imports by commodities, and the totals by countries, and the total customs revenues collected. The other figures available are the German (Berlin) figures for trade between Germany and the colonies. (Statistik des Deutschen Reichs—e. g., for 1912, vol. 261.) These give the German imports from and exports to the colonies by articles. But little use can be made of them in comparison with the colonial figures because (1) the classifications are frequently different, (2) the German export statistics are of "special trade" but as a matter of fact actually include considerable quantities of goods of non-German origin, e. g., rice and Scandinavian lumber, whereas the colonial statistics are of "general trade," i. e., they include imports both for con-
The figures for Southwest Africa, where the limited list of dutiable articles affords the best opportunity for making a statistical comparison, show that a much larger proportion of goods of German origin than of foreign, entered free, and that the dutiable goods of German origin paid on the average much lower rates of duty than did foreign goods. Owing to the inadequacy of the available figures, however, this result can not be taken as conclusive, and, as explained elsewhere, not every inequality in the incidence of tariff rates can be considered objectionably discriminatory. An example of this may be cited in the American policy of putting high duties on luxuries, a policy which is altogether defensible even though it happens to affect the trade of certain countries more than that of others. In German Southwest Africa the advantage, if any, derived by German trade from the free list and the lower rates paid by the dutiable goods seems to have been due, not to any policy of favoring imports from Germany as such but to coincidence between the trade facts and national fiscal and economic policies. The duties imposed were levied on liquors, tobacco, arms, sugar, and matches; and also on live cattle, sheep, fresh meat from cattle, and butter. Here, the latter duties are obviously protective of the local cattle industry and not of German trade; the former are the most commonly employed of colonial duties—their object being fiscal and sumptuary—and their presence can not be declared indicative of an intention to discriminate against the trade of other countries.

It is true that the average duty on brandies, reduced to an ad valorem basis, was 185 per cent, while that on beer was only 28.7 per cent; and that over two-thirds of the beer came from Germany, but only two-fifths of the brandy; likewise that the rate on raw and rolled tobacco, of which trifling amounts are recorded as of German origin, was much greater (on the ad valorem basis) than the rates on cigars and cigarettes, of which large amounts came from Germany. But even if these figures are correct, they show only a coincidence—the policy of taxing brandy more heavily than beer, and raw tobacco more heavily than cigars is too generally followed to warrant any criticism being made of its use in Southwest Africa, regardless of the peculiarities of the trade. Similarly, the articles selected for free admission into the colonies, where there was a general rate of duty on all articles not specifically dutiable or specifically free were in every case articles which were admitted free in obvious pursuance of the policy of promoting the economic development of the colonies with the greatest rapidity. If under these circumstances a greater proportion of the imports from Germany entered free than of imports from other countries, this was due to the fact that the Germans were taking the leading part in the develop—

sumption and for reexportation; (3) there are considerable discrepancies in the figures, e. g., the figures for quantities (compared item by item with the values) imported from Kamerun in 1912 show that Germany took only about one-half of the total exports of that colony, but colonial figures for values exported assign five-sixths of the exports to Germany. This shows either that foreign countries bought only the cheapest grade of each product or (doubtless the real explanation) that the Berlin figures are incomplete. The Berlin figures for "general" trade are given only by groups of articles and show totals very little greater than those for "special" trade.

Assuming that the available figures are complete in this instance.

1. e., on an ad valorem basis. The specific rates are usually somewhat higher on cigars and other tobacco manufactures than on leaf tobaccos. The high rates usually imposed on tobaccos, if they were made approximately uniform, on an ad valorem basis, would afford considerable protection to the manufacturers of tobacco products.

Note that it is not stated that they did. Also, for regions other than Southwest Africa not even tentative results can be obtained from the available figures.
ment of their colonies and they naturally imported supplies and equipment largely from Germany.

Concealed preferences might exist also in export duties—that is, articles exported chiefly to the mother country might be made free or be subjected to a low duty and at the same time substantial duties be imposed on articles exported chiefly to foreign countries. Whether there were such concealed preferences in the export duties of the German colonies, the figures do not show, and on the basis of general considerations there is even less reason to suspect their existence here than in the case of import duties. Export duties in the colonies are used largely as a means of taxing the natives, and as this tax can rarely be passed on to the consumer, concealed preferences in export duties could have only the slightest and most indirect effects upon commerce.

There were several considerations sufficient to dictate the maintenance by the Germans of colonial tariffs free both from open and from concealed preferences; it was distinctly to their advantage to do so. In the first place they had, in respect to nearly all of their colonies, given pledges to maintain the open door. In the second place, for building up trade between the fatherland and the dependencies tariff preferences were not necessary. Without such preferences, a large part of the trade of the colonies was in German hands, and this was most conspicuously the case in Southwest Africa, the only colony in which their treaty pledges left the German Government at liberty to introduce preferences. It appears from the figures in the table on page 232 that 60 per cent of the total imports of all of the colonies came from Germany; but the colonial figures on which this percentage is based are incomplete in that they do not include considerable items of German trade which undoubtedly came in transit through such points as Zanzibar, Cape Town, etc. Further, the colonies imported considerable quantities of foodstuffs, kerosene, and other articles which Germany either did not produce or could not spare, which left but a small amount of competitive trade that might have been diverted to Germany by use of preferential tariffs.

In the third place, a systematic introduction of preferences might have lessened the productivity of the customs revenues. A lowering of the duties on imports from or exports to Germany, or an arrangement of the rates so as secretly to favor German trade, could hardly have been accomplished without decreasing the yield of the customs, since the trade with Germany formed so large a proportion of the total trade. A preference to Germany might have been granted by imposing a surtax on trade with other countries. But inasmuch as the exigencies of colonial finance demanded the imposing of duties on trade with the home country at the maximum point consistent with the other ends which it was sought to achieve in the development of the colonies, it would scarcely have been feasible to lay additional burdens on their foreign trade. Finally, the Germans entertained a certain apprehension that the establishing of a system

54 The figures, such as they are, seem to show a preference for exports from New Guinea destined to Germany but equally to show a preference for exports from Cameroon destined to foreign countries. But discrepancies in the figures are particularly large for the trade of Cameroon: and in no case do the figures seem sufficiently reliable to warrant any conclusions as to deliberate preferences in export duties.

55 Unless the colony has a monopoly of the product affected.

of preferential tariffs in the German colonies might lead to retaliatory measures by other colonial powers, notably Great Britain. In such event German exporters would have lost far more by the imposition of duties unfavorable to them in foreign markets than they would have gained by preferential rates in their own colonies.\(^\text{57}\)

Tariff schedules are, as has previously been pointed out, only one of the instruments available for a government which wishes actively to promote the trade of its nationals in its colonies. Two other means, at least, were used with effect in German Southwest Africa. Because of the defects of the ports and of the alleged need of regulating the loading and discharging of cargo, a practical monopoly of the landing rights was granted to the Woermann Steamship Line (German) for a limited number of years. All foreign trade had, therefore, to go through German hands, for hardly more than 1 per cent of the total trade crossed the land frontiers. Further, "heavy taxes, imposed on nonresident commercial travelers under the German régime, made it practically impossible for outsiders canvassing for foreign firms to compete with the local German merchants."\(^\text{58}\)

Aside from Government-made regulations, many factors connected with the development of colonies tend to throw the trade into the hands of the nationals of the ruling country. In the case of German Southwest Africa several of the most effective of these factors were in operation. The native population is very small, certainly less than one person to the square mile.\(^\text{59}\) The largest tribe, the Óvambos, whose numbers have been put as high as 156,000, was never brought under German control, and neither they nor the surviving Herreros and Hottentots were on good terms with their German masters. Accordingly the trade demands of the natives were never Europeanized, and this fact, together with the natural poverty of the country, meant that the native population did not appreciably influence the volume or character of the import trade. As settlement by foreigners was not encouraged, and as many of the Boers who immigrated after the Boer War later left the country, practically the only buyers were German officials and German ranchmen and mine owners. The officials, matured in Germany and periodically returning to the homeland, naturally preferred German goods; the German capitalists as naturally brought their supplies from Germany and sent their products there. The sale of diamonds—which constituted nearly 84 per cent of the exports in 1913—was controlled by the Government through the Diamanten-Regie. Hence it is in no way to be wondered at that most of the trade of this colony was with the home country.

CONCLUSIONS AS TO PREFERENCES.

The available statistics and other evidences do not admit of an affirmation either that Germany did or that she did not make use of concealed preferences in her colonial tariffs. It seems that in Southwest Africa the duties imposed fell somewhat more heavily on foreign than on German products. But, considering the articles particularly affected, there was no peculiarity in the duties which would suggest that their object was other than fiscal or sumptuary. Open preferences might have been imposed in this colony had it


\(^{59}\) Even by estimates several times as great as the official figures.
been the intention to make discriminations. That there was no such intention is the only conclusion which can be drawn from a consideration of the external evidences; the simplicity of the German colonial tariffs, their similarity to the tariffs of many British colonies, and the obvious explanations which attach in most cases both to the exemptions made and to the duties imposed.

The evidences in general point strongly to the conclusion that the colonial tariffs did not contain concealed preferences.

IV. Tariffs of Individual Colonies.

GERMAN SOUTHWEST AFRICA.

SITUATION AND COMMERCE.

German Southwest Africa extended over an area of 322,450 square miles lying between Portuguese West Africa in the north and Cape Colony and territories of the South African Customs Union on the south and east. The whole southern part and much of the eastern section are barren and desert.

The population in 1913 numbered 98,830, of whom 14,630 were Europeans. In 1913 the exports of the colony, valued at 70,300,000 marks, were greater than those of any other German colony, as a result of the large increase in diamond production in recent years. The chief industries were cattle and sheep grazing and diamond mining.

The principal items in the imports and exports of the colony in 1913 are shown in Table 8:

Table 8.—Trade of Southwest Africa, 1913.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural and forest products</td>
<td>13,727</td>
</tr>
<tr>
<td>Grain</td>
<td>1,399</td>
</tr>
<tr>
<td>Flour and bakery products</td>
<td>1,021</td>
</tr>
<tr>
<td>Vegetables</td>
<td>975</td>
</tr>
<tr>
<td>Sugar</td>
<td>930</td>
</tr>
<tr>
<td>Tobacco, in all forms</td>
<td>1,560</td>
</tr>
<tr>
<td>Alcoholic liquors</td>
<td>1,561</td>
</tr>
<tr>
<td>Wood and timber</td>
<td>3,194</td>
</tr>
<tr>
<td>Animals and animal products</td>
<td>2,136</td>
</tr>
<tr>
<td>Meat, fresh and preserved</td>
<td>3,317</td>
</tr>
<tr>
<td>Mineral and fossil raw materials, including mineral oils</td>
<td>1,744</td>
</tr>
<tr>
<td>Coal</td>
<td>802</td>
</tr>
<tr>
<td>Cement and lime</td>
<td>3,194</td>
</tr>
<tr>
<td>Textiles and clothing</td>
<td>1,209</td>
</tr>
<tr>
<td>Leather and leather wares</td>
<td>6,561</td>
</tr>
<tr>
<td>Metals and metal wares</td>
<td>8,144</td>
</tr>
<tr>
<td>Pig iron, iron rails, etc.</td>
<td>8,715</td>
</tr>
<tr>
<td>Miscellaneous iron wares</td>
<td>5,052</td>
</tr>
<tr>
<td>Machines, instruments, and vehicles</td>
<td>3,172</td>
</tr>
<tr>
<td>Industrial machinery</td>
<td>6,003</td>
</tr>
<tr>
<td>Miscellaneous 1.</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>42,428</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animals and animal products</td>
<td>1,452</td>
</tr>
<tr>
<td>Hides of cattle</td>
<td>821</td>
</tr>
<tr>
<td>Mineral and fossil raw materials</td>
<td>67,625</td>
</tr>
<tr>
<td>Diamonds, not cut</td>
<td>58,910</td>
</tr>
<tr>
<td>Copper ore</td>
<td>7,739</td>
</tr>
<tr>
<td>Miscellaneous 2.</td>
<td>1,195</td>
</tr>
<tr>
<td>Total</td>
<td>70,392</td>
</tr>
</tbody>
</table>

1 Miscellaneous imports included drugs and chemical products, manufactures of wax, fats and oils, rubber goods, wooden wares, paper and books, earthen and glass wares, and arms and ammunition.

2 Miscellaneous exports were wool, ostrich plumes, lead, and guano.
No customs ordinance was promulgated for Southwest Africa until 1896, though for some years previous the importation of liquors and of arms had been restricted by a licensing system. The tariff which went into force on December 1, 1896, levied duties on liquors, arms, tobacco, preserved foodstuffs, coffee, matches, textiles, etc., and the list was elaborated in 1898 and 1903. From November 18, 1904, however, all import duties were suspended except those on brandies, arms, and ammunition.

The ordinance of April 18, 1908, somewhat increased the dutiable list but the tariff of Southwest Africa remained much the simplest and most restricted of the German colonial tariffs. At no time did it contain a general ad valorem rate on all articles not enumerated and at no time since 1904 did the import duties yield any considerable sums of revenue. With the great exception of the duty on diamonds the export duties were practically negligible. The duty on diamonds was imposed by the ordinance of December 16, 1908, at the rate of 10 marks per karat, but the rate was changed within three months to 33 1/4 per cent ad valorem and so continued until its repeal on December 31, 1912.

Import duties.—The ordinance of April 18, 1908, remained in force until the end of German rule in Southwest Africa. By it import duties were collected on six groups of commodities:

I. Tobacco—including cigars, cigarettes, roll and manufactured tobacco, tobacco substitutes, and "dagga": The rates on tobacco and its manufactures are high compared with those imposed on these commodities when imported into Germany or into other of the colonies. On cigars the rate was 5 marks per kilogram, which amounted in 1913 to the equivalent of 52 per cent ad valorem. Cigarettes paid 10 marks per kilo. On roll tobacco, which was the largest item in tobacco imports in 1913, the rate was 4 marks per kilogram. The imports amounted to 72,500 kilograms, valued at 187,000 marks, an average of 2.57 marks per kilogram. The duty of 4 marks per kilogram was therefore equivalent to 150 per cent ad valorem.

II. Beverages—beer, wines (still and sparkling), brandy, and ether: The brandy tax seems to have been the most lucrative. Two rates were imposed, 4 marks per liter on brandy with 50 per cent or less of alcoholic content, and 6 marks on brandy with over 50 per cent of alcohol. The average value of the brandies imported in 1913 was 2.80 marks per liter; hence it is obvious that the tax was extremely high. Even if all the brandy had been of less than 50 per cent alcoholic content, the tax would have been the equivalent of over 140 per cent ad valorem. On still wines the tax was 50 pfennigs per liter, the equivalent in 1913 of 40 per cent ad valorem. Beer was taxed at 15 pfennigs per kilogram, gross weight, and champagne at 1 mark per kilogram gross.

III. Animals and animal products: This section in the schedules may have been introduced to encourage the domestic live-stock in-

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61 Ib., No. 118, 2d ed., and 1st and 3d Supplements thereto.
62 D., 4th Supplement, Decree of Nov. 17, 1904. Meats had been made free on July 29 and the duties on other foodstuffs had been suspended on Aug. 15.
63 Diamonds had been discovered in April, 1908. See p. 239 fn.
64 As amended by the omission of perfumes and cosmetics from Feb. 1, 1909.
industry. The rates were not high. The duty of 30 marks per head on live cattle was equivalent in 1913 to about 10 per cent ad valorem. The tax of 40 pfennigs per kilogram on fresh meat \(^{46}\) was more onerous, having been equivalent to 20 per cent ad valorem.

IV. Sugar: The tax of 10 pfennigs per kilogram, gross, on sugar applied to cane, beet, starch, and fruit sugars and other fermentable varieties of sugar in every form; also to sirup and molasses.

V. Firearms and munitions: The importation of firearms and munitions was carefully regulated by the ordinance of March 29, 1897. The Imperial Government alone was authorized to import and to deal in these articles. Europeans might import arms and ammunition for their personal use, but must give satisfactory guaranty that they would not sell or dispose of such goods to third parties without the authorization of the administrative officials. Breech-loading guns were dutiable at 20 marks each; others at 5 marks. Powder was dutiable at 1 mark, shot at 10 pfennigs, and cartridges at 20 pfennigs per kilogram.

VI. Chemical and pharmaceutical products: The only goods taxable under this section were matches, 50 pfennigs per kilogram, and medicines containing alcohol or ether, \(^{46}\) 5 marks per kilogram.

**Export duties and prohibitions on exportation.**—After the repeal of the export duty on diamonds, export duties were without fiscal importance. The duty on cows was probably a measure of conservation. The duties on angora goats and ostriches were changed to prohibitions in response to legislation in British South Africa prohibiting exportation except to neighboring colonies from which exportation was likewise prohibited save for a similar exception. The export duties in force during the last year of German rule in Southwest Africa were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female cattle, per head</td>
<td>20 marks</td>
</tr>
<tr>
<td>Sealskins and bobsekins, each</td>
<td>1 mark</td>
</tr>
<tr>
<td>Guano, (^{47}) per metric ton</td>
<td>Free to 20 marks</td>
</tr>
<tr>
<td>Angora goats (^{48})</td>
<td>Prohibited</td>
</tr>
<tr>
<td>Ostriches (^{49})</td>
<td>Prohibited</td>
</tr>
<tr>
<td>Ostrich eggs (^{49})</td>
<td>Prohibited</td>
</tr>
</tbody>
</table>

**GERMAN EAST AFRICA.**

**SITUATION AND COMMERCE.**

German East Africa had an area of 384,180 square miles and a total population of 7,666,000. In this population there were 5,000 whites and 15,000 other nonnatives.

The chief products of the colony were sisal hemp, rubber, skins and hides, raw cotton, and copra. German settlers had plantations where coconut palms, tobacco, cacao, rubber, cotton, and sisal hemp were

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\(^{46}\) Including frozen beef.

\(^{47}\) Except those for use in hospitals and similar institutions.

\(^{48}\) The duties on guano were fixed on a sliding scale, varying with the content of ammonia and also with the annual production. Producers of less than 500 tons annually paid no duty; producers of 500 to 10,000 tons, 1.25 to 5 marks per ton; and producers of over 2,000 metric tons annually paid 5 to 20 marks per ton. Guano is not recorded separately in the trade returns, and probably no dutiable guano was exported. No female cattle were exported. In 1910-11, the last year in which the yield of export duties was reported separately, the exportation of sealskins accounted for the whole of it. The duty of 5 marks each on ewes (sheep and goats), repealed from May 1, 1913, probably produced no revenue.

\(^{49}\) Emperor’s decree of Feb. 15, 1909. (Deutsches Kolonialblatt, Aug. 15, 1909.) The penalty for violation was 10,000 marks and a year’s imprisonment. The prohibition did not apply to neighboring colonies which inflicted a similar penalty on the violation of the like prohibition.

18576°—22—17
cultivated. Mineral deposits have been discovered, particularly coal, iron, lead, copper, mica, and salt.

The principal items in the imports and exports of the colony in 1913 are shown in Table 9.

<table>
<thead>
<tr>
<th>Table 9.—Trade of East Africa, 1913.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

### IMPORTS

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Values.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural and forest products</td>
<td>9,848</td>
</tr>
<tr>
<td>Rice</td>
<td>3,714</td>
</tr>
<tr>
<td>Flour and bakery products</td>
<td>989</td>
</tr>
<tr>
<td>Sugar</td>
<td>721</td>
</tr>
<tr>
<td>Tobacco products</td>
<td>878</td>
</tr>
<tr>
<td>Alcoholic liquors</td>
<td>1,948</td>
</tr>
<tr>
<td>Timber</td>
<td>681</td>
</tr>
<tr>
<td>Animals and animal products</td>
<td>1,721</td>
</tr>
<tr>
<td>Edible products</td>
<td>1,559</td>
</tr>
<tr>
<td>Mineral and fossil raw materials</td>
<td>2,437</td>
</tr>
<tr>
<td>Cement</td>
<td>1,080</td>
</tr>
<tr>
<td>Petroleum</td>
<td>622</td>
</tr>
<tr>
<td>Chemical and pharmaceutical products</td>
<td>1,432</td>
</tr>
<tr>
<td>Textiles and clothing</td>
<td>16,975</td>
</tr>
<tr>
<td>Cotton cloths</td>
<td>1,277</td>
</tr>
<tr>
<td>Metals and metal wares</td>
<td>10,505</td>
</tr>
<tr>
<td>Railroad material</td>
<td>4,768</td>
</tr>
<tr>
<td>Miscellaneous iron wares</td>
<td>2,519</td>
</tr>
<tr>
<td>Instruments, machines, and vehicles</td>
<td>4,102</td>
</tr>
<tr>
<td>Agricultural and industrial machinery</td>
<td>1,249</td>
</tr>
<tr>
<td>Miscellaneous 1</td>
<td>6,338</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53,358</td>
</tr>
</tbody>
</table>

### EXPORTS

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Values.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural and forest products</td>
<td>25,322</td>
</tr>
<tr>
<td>Coffee</td>
<td>931</td>
</tr>
<tr>
<td>Copra</td>
<td>2,348</td>
</tr>
<tr>
<td>Ground nuts</td>
<td>1,348</td>
</tr>
<tr>
<td>Cotton</td>
<td>2,414</td>
</tr>
<tr>
<td>Sisal hemp</td>
<td>10,342</td>
</tr>
<tr>
<td>Rubber</td>
<td>6,587</td>
</tr>
<tr>
<td>Animals and animal products</td>
<td>7,630</td>
</tr>
<tr>
<td>Hides and skins</td>
<td>5,490</td>
</tr>
<tr>
<td>Insect wax</td>
<td>1,415</td>
</tr>
<tr>
<td>Mineral and fossil raw materials</td>
<td>1,206</td>
</tr>
<tr>
<td>Gold</td>
<td>678</td>
</tr>
<tr>
<td>Mica</td>
<td>313</td>
</tr>
<tr>
<td>Miscellaneous 1</td>
<td>183</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>35,550</td>
</tr>
</tbody>
</table>

1 Included manufactures of wax, fats and oils, leather and leather goods, rubber goods, wooden wares, earthen wares, glass wares, paper and books, weapons and ammunition.
2 Included sesame, ivory, copal, hardwoods, tan bark, dairy products, rice, and vegetables.

THE CUSTOMS TARIFF.

On December 22, 1890, Germany, Great Britain, and Italy signed a treaty by which the import duties of their territories in the eastern part of the conventional basin of the Congo were restricted to 5 per cent ad valorem. This treaty came into force in 1892 at the same time as the Brussels convention. The tariff decree which came into force in German East Africa on April 1, 1893, laid down a uniform rate of 5 per cent on all imports not on the free list, with the exception of specific rates on maize, rice, and chiroko. In addition to this...

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69 As modified by decrees of Aug. 30 and Oct. 27, 1891. B. I. d. D., 1894-95, No. 114.
a consumption tax, previously imposed, was levied at the rate of 15 per cent on alcoholic beverages other than beer and wines, and of 5 per cent on dutiable articles not enumerated.\textsuperscript{70}

The total charge on most articles not specifically exempt was thus not 5 per cent but 10 per cent ad valorem. Export duties were levied on all exports except the products of European plantations, at rates from 1.5 per cent to 31.5 per cent, including the uniform tax of 1.5 per cent.\textsuperscript{71}

The German position in East Africa was originally established by proceeding into the interior through the coastal possessions of the Sultan of Zanzibar. The German East Africa Company leased the coast strip in 1888, and in 1890 the German Government purchased it from Zanzibar, made a new contract with the German East Africa Company, and took it under its own administration. The commercial treaty between Germany and Zanzibar \textsuperscript{72} had strictly limited both the export and import duties of this coast; the lease to the German East Africa Company left the company full liberty in regard to duties within the limits of the treaties which bound Zanzibar; and the contract between the German Government and the company contemplated that the Government should not alter the duties so as to make the receipts fall below 600,000 marks annually.\textsuperscript{73}

The import schedule in the tariff of 1893 differed from that of the treaty of 1885 \textsuperscript{74} only by the addition of shelled rice and four other items.

The last German East African customs tariff was based on an ordinance of June 13, 1903, modified by successive ordinances in 1904, 1907, 1908, 1909, 1911, and 1913. This tariff applied alike to the customs houses on the coast and those on Lake Tanganyika and other interior points. In 1913 the revenue collected on the coast was 4,022,000 marks; that collected at other stations 1,484,000 marks. In the coast-stations export duties produced only 9 per cent of the customs revenue, but in the interior they produced 48.5 per cent.\textsuperscript{75}

Import duties.—A general duty of 10 per cent ad valorem was laid upon all unenumerated imports, with the exception of those contained in the free list. The latter comprised the usual exemptions intended to encourage settlement and industry, with particular attention to the needs of tropical agriculture. Certain tropical products—ivory, horns, hides, tortoise shells, etc.—upon which export duties were laid, were admitted as imports free of duty. Specially enumerated imports made subject to duty may be grouped as follows:

I. Alcoholic liquors, including spirits of all kinds, alcoholic essences, perfumes, wines, and beer.

II. Tobacco, raw and manufactured.

\textsuperscript{70} In 1899 fish was listed for a duty of 5 per cent and a consumption tax of 10 per cent—thus violating not only the spirit of the treaty with Great Britain and Italy but also the final act of the conference of Berlin which, as modified by the “Additional declaration” of Brussels in 1890, limited import duties (except on alcoholic beverages) to 10 per cent throughout the conventional basin of the Congo and prohibited other duties on imports. The former treaty had prescribed that agricultural machinery should enter free of duty but until 1899 the Germans permitted this only when the importation was made by the prospective users.

\textsuperscript{71} The rates on animals were specific. The most important export duties were: On cloves, 30 per cent; on ivory and copal, 15 per cent; on hides and tortoise shell, 10 per cent; on cowries and sandalwood, 5 per cent; with the additional 1.5 per cent in each case. The ad valorem rates on exports were for the most part those prescribed by the treaties of Germany and Great Britain with Zanzibar, made in 1885-86.


\textsuperscript{73} In the fiscal year 1892-93, import duties yielded 241,000 rupees, and export duties yielded 449,000 rupees—that makes a total, at the current (monthly) rates of exchange, of 61,160,000 marks.

\textsuperscript{74} Germany-Zanzibar.

\textsuperscript{75} The Nebeneinnahmen were 203,000; the consumption duty on salt, 99,000; and other revenues 12,000 marks. The interior stations produced only 4 per cent of these receipts.
III. Opium, hemp, and hashish.
IV. Foodstuffs principally for the use of the native population, such as various beans and grains and salt.
V. Firearms and ammunition.

When the specific duties are translated into their ad valorem equivalents, it develops that the heaviest duties were imposed on alcoholic liquors, these ranging from 24 per cent on beer and wine to 70 per cent on brandy. Grains and vegetables paid on an average the equivalent of 5.1 per cent ad valorem; and salt, of 13.9 per cent. The duty on opium, hemp, and hashish was ad valorem, fixed at 25 per cent.

Export duties.—The export tariff schedule of German East Africa was more extensive than that of any other German colony. It provided duties upon the following articles:

Ivory.
Teeth and horns of wild animals.
Horns of domestic animals.
Raw hides and skins.
Tortoise and other shells.
Live animals, wild and domestic.
Fresh meat and sharks' fins.
Rubber (other than plantation).
Copal.
Woods of all kinds and timber products.
Mat weed, palm leaves, and manufactures thereof.
Native tobacco.
Wax.
Sugar cane and its products.
Salt.
Sisal hemp plants.
Ostrich eggs.

Also upon articles manufactured from these raw materials.

The selection of the foregoing articles for the imposition of export duties seems to have been dictated by motives other than the desire for revenue. A number of the most valuable exports remained duty free. The desire to encourage the agricultural industry of European settlers undoubtedly explains the exemption from export duties of coffee, cotton, and sisal hemp, and perhaps of copra and kola nuts as well. The duties ranged from 2 per cent on wax to 15 per cent on ivory, copal, fresh meat, and on some classes of horns and hides. Other horns and hides and tortoise shell paid 12 per cent; and salt, native tobacco, and wood, 10 per cent.

Specific duties were charged on wild birds and animals, ranging from 1.33 marks (1 rupee) on parrots to 1,333 marks (1,000 rupees) on ostriches. The duty on rubber amounted in 1913 to about 10 per cent ad valorem.

KAMERUN.

SITUATION AND COMMERCE.

Kamerun was one of the largest and most important, commercially, of the German colonies. Its area in 1913, inclusive of territory recently acquired from France, was 298,000 square miles and its population numbered 2,652,900, of whom fewer than 2,000 were whites.

The principal items in the imports and exports of the colony in 1913 are shown in Table 10.
Table 10.—Trade of Kamerun, 1913.

[In thousands of marks.]

<table>
<thead>
<tr>
<th>IMPORTS.</th>
<th>Value.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commodity.</strong></td>
<td><strong>Value.</strong></td>
</tr>
<tr>
<td>Agricultural and forest products.</td>
<td>6,328</td>
</tr>
<tr>
<td>Rice</td>
<td>1,561</td>
</tr>
<tr>
<td>Tobacco and tobacco manufactures.</td>
<td>1,197</td>
</tr>
<tr>
<td>Alcoholic liquors</td>
<td>1,350</td>
</tr>
<tr>
<td>Animals and animal products</td>
<td>3,948</td>
</tr>
<tr>
<td>Dried fish</td>
<td>1,824</td>
</tr>
<tr>
<td>Fish conserves</td>
<td>723</td>
</tr>
<tr>
<td>Meat, fresh and preserved</td>
<td>775</td>
</tr>
<tr>
<td>Milk, butter, eggs, honey, etc</td>
<td>533</td>
</tr>
<tr>
<td>Mineral and fossil raw materials</td>
<td>1,925</td>
</tr>
<tr>
<td>Cement</td>
<td>422</td>
</tr>
<tr>
<td>Salt</td>
<td>528</td>
</tr>
<tr>
<td>Coal</td>
<td>483</td>
</tr>
<tr>
<td>Chemical and pharmaceutical products</td>
<td>1,124</td>
</tr>
<tr>
<td>Artificial manures.</td>
<td>239</td>
</tr>
<tr>
<td>Textiles and clothing</td>
<td>8,867</td>
</tr>
<tr>
<td>Cotton cloth</td>
<td>4,420</td>
</tr>
<tr>
<td>Cotton clothing</td>
<td>2,937</td>
</tr>
<tr>
<td>Leather and leather goods</td>
<td>568</td>
</tr>
<tr>
<td>Earthen and glass ware</td>
<td>515</td>
</tr>
<tr>
<td>Metals and metal wares</td>
<td>5,670</td>
</tr>
<tr>
<td>Miscellaneous iron wares</td>
<td>3,353</td>
</tr>
<tr>
<td>Instruments and machines</td>
<td>1,937</td>
</tr>
<tr>
<td>Miscellaneous (1)</td>
<td>3,744</td>
</tr>
<tr>
<td><strong>Total.</strong></td>
<td><strong>34,616</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPORTS.</th>
<th>Value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural and forest products.</td>
<td>28,188</td>
</tr>
<tr>
<td>Cacao (2)</td>
<td>5,718</td>
</tr>
<tr>
<td>Kola nuts</td>
<td>971</td>
</tr>
<tr>
<td>Palm kernels</td>
<td>6,226</td>
</tr>
<tr>
<td>Palm oil</td>
<td>1,961</td>
</tr>
<tr>
<td>Wood and timber</td>
<td>941</td>
</tr>
<tr>
<td>Rubber</td>
<td>12,122</td>
</tr>
<tr>
<td>Animals and animal products</td>
<td>872</td>
</tr>
<tr>
<td>Ivory</td>
<td>524</td>
</tr>
<tr>
<td>Miscellaneous (3)</td>
<td>91</td>
</tr>
<tr>
<td><strong>Total.</strong></td>
<td><strong>29,151</strong></td>
</tr>
</tbody>
</table>

1 Included soap, rubber goods, wooden wares, paper and books, and weapons and ammunition.
2 Cacao is the raw, cocoa the manufactured article.
3 Included mineral and industrial products.

The ordinances of July 17 and August 1, 1911,\(^\text{2}\) relating to the customs tariff, imposed a very simple system of duties.

**Import duties.**—There were 10 items with specific duties; all textile wares were charged 15 per cent ad valorem, all iron wares 20 per cent, and all unenumerated articles, not on the free list, 10 per cent. An extensive free list comprised machinery, tools, building materials, household equipment, in fact all articles necessary for the encouragement of industry and for the comfort and prosperity of settlers. An exceptional privilege was granted in paragraph 27, allowing plantations to import free of duty under special permit rice and dried fish as food for their workmen. Free entry of these foods was permitted during only three months in each year, and the quantity so imported by each plantation was fixed by the Government on the

\(\text{2}\) Revised in part by ordinances of Nov. 1, 1911, Nov. 5 and May 14, 1912, and Mar. 26 and Sept. 10, 1913.
basis of the number of workmen employed in the previous year. The provisions of paragraph 27 were to remain in force for three years.

Import duties on alcoholic liquors consisted of a combination of specific and ad valorem charges. The duties on spirits and wines were fixed on a sliding scale, varying with the alcoholic content of the imported beverages. For example, the duty on spirits of a value of less than 1 mark per liter and of an alcoholic content of less than 50 per cent was 1.60 marks per liter. The duty increased by 5 pfennigs for every additional per cent of alcohol. On wines the duty for those containing less than 15 per cent of alcohol was 10 per cent ad valorem; wines of an alcoholic content between 15 and 25 per cent paid 0.50 mark per liter. The duty on beer was approximately 10 pfennigs per liter. The other specific import duties were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Marks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firearms of all sorts.</td>
<td>10.00 each</td>
</tr>
<tr>
<td>Powder and cartridges.</td>
<td>1.00 per kilo, gross</td>
</tr>
<tr>
<td>Salt.</td>
<td>20.00 per metric ton.</td>
</tr>
<tr>
<td>Tobacco, unmanufactured.</td>
<td>0.50 per kilo, net.</td>
</tr>
<tr>
<td>Rice</td>
<td>20.00 per metric ton.</td>
</tr>
<tr>
<td>Dried fish, including salt fish.</td>
<td>50.00 per do.</td>
</tr>
<tr>
<td>Perfumes and cosmetics containing alcohol or ether</td>
<td>2.00 per liter.</td>
</tr>
</tbody>
</table>

Export duties.—The export duties were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Marks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubber, excepting that grown on plantations</td>
<td>0.40 per kilo, net.</td>
</tr>
<tr>
<td>Ivory, rough or manufactured</td>
<td>2.00 per do.</td>
</tr>
<tr>
<td>Cattle:</td>
<td></td>
</tr>
<tr>
<td>Cows</td>
<td>20.00 each</td>
</tr>
<tr>
<td>Bulls</td>
<td>10.00 per do.</td>
</tr>
<tr>
<td>Calves</td>
<td>5.00 per do.</td>
</tr>
<tr>
<td>Horses</td>
<td>20.00 per do.</td>
</tr>
<tr>
<td>Mules</td>
<td>3.00 per do.</td>
</tr>
<tr>
<td>Sheep and goats</td>
<td>1.00 per do.</td>
</tr>
<tr>
<td>Kola nuts, fresh</td>
<td>6.00 per 1,000.</td>
</tr>
</tbody>
</table>

The duty on forest rubber, 0.40 mark per kilogram, was, for the years 1909—1913, the equivalent of a rate of 5.2 per cent ad valorem on the basis of the average price of rubber.

Prohibitions were placed on the importation of muzzle-loading guns and trade gunpowder; in certain portions of the country importation of all arms and ammunition was forbidden.

Separate Tariff for a Part of the Colony.

A separate tariff was framed in 190477 for that part of the colony lying within the western zone of the conventional basin of the Congo River. In this zone a general import duty of 10 per cent ad valorem prevails, with the exemption of implements and tools for use in agriculture and of transportation equipment for use on land and water. Specific import duties were laid upon alcoholic liquors, with rates somewhat lower than those imposed in other sections of Kamerun. Export duties in the western zone were laid on ivory (10 per cent) and rubber (5 per cent) and also upon groundnuts, coffee, copal, palm oil, palm nuts, and sesame. Rubber harvested on plantations was exempt from export duties.

TOGO.

SITUATION AND COMMERCE.

Togo occupied an area of 34,000 square miles on the west coast of Africa between the Gold Coast colony (British) on the west and French Dahomey on the east. In 1913 the population numbered 1,032,400, of whom 368 were whites. Maize, yams, tapioca, grapes, and bananas are cultivated by the natives, and oil palms, rubber trees, and dyewoods grow in the forests. Palms, coffee, and cacao are grown on plantations.

The principal items in the imports and exports of the colony in 1913 are shown in Table 11.

Table 11.—Trade of Togo, 1913.

[In thousands of marks.]

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports</td>
<td></td>
</tr>
<tr>
<td>Agricultural and forest products</td>
<td>2,030</td>
</tr>
<tr>
<td>Tobacco and tobacco products</td>
<td>341</td>
</tr>
<tr>
<td>Alcoholic liquors</td>
<td>753</td>
</tr>
<tr>
<td>Wood and timber</td>
<td>290</td>
</tr>
<tr>
<td>Animals and animal products</td>
<td>797</td>
</tr>
<tr>
<td>Fish</td>
<td>614</td>
</tr>
<tr>
<td>Mineral and fossil raw materials</td>
<td>721</td>
</tr>
<tr>
<td>Cement and building materials</td>
<td>276</td>
</tr>
<tr>
<td>Salt</td>
<td>154</td>
</tr>
<tr>
<td>Petroleum</td>
<td>138</td>
</tr>
<tr>
<td>Chemical and pharmaceutical products</td>
<td>351</td>
</tr>
<tr>
<td>Textiles and clothing</td>
<td>2,210</td>
</tr>
<tr>
<td>Cotton cloths</td>
<td>1,478</td>
</tr>
<tr>
<td>Metals and metal wares</td>
<td>1,095</td>
</tr>
<tr>
<td>Miscellaneous iron wares</td>
<td>351</td>
</tr>
<tr>
<td>Instruments, machines, and vehicles</td>
<td>312</td>
</tr>
<tr>
<td>Weapons and ammunition</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,911</td>
</tr>
<tr>
<td>Total</td>
<td>19,831</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural and forest products</td>
<td>5,082</td>
</tr>
<tr>
<td>Maize</td>
<td>288</td>
</tr>
<tr>
<td>Cacao</td>
<td>333</td>
</tr>
<tr>
<td>Palm kernels</td>
<td>2,936</td>
</tr>
<tr>
<td>Palm oil</td>
<td>518</td>
</tr>
<tr>
<td>Cotton</td>
<td>582</td>
</tr>
<tr>
<td>Rubber</td>
<td>300</td>
</tr>
<tr>
<td>Animals and animal products</td>
<td>639</td>
</tr>
<tr>
<td>Cattle</td>
<td>334</td>
</tr>
<tr>
<td>Industrial products</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>158</td>
</tr>
<tr>
<td>Total</td>
<td>9,138</td>
</tr>
</tbody>
</table>

THE CUSTOMS TARIFF.

The tariff in force in Togo at the outbreak of the war was substantially that of 1904.78

Import duties.—This tariff contained the usual list of articles exempted from import duty when for use by the Government and by missionaries. Commodities necessary to make life comfortable

and attractive to European settlers and supplies for industrial development also entered free. In addition ivory, india rubber, palm kernels, palm oil, kola nuts, and other agricultural products from West Africa were exempted from import duties. The schedule of import duties was as follows:

1. Spirits and alcoholic liquors of all kinds, except nonsparkling wines, sparkling wines, and beer:
   
   A. Spirits and alcoholic liquors, neither sweetened nor mixed with any substance, so that the alcoholic strength can not be ascertained by means of the alcoholometer—
   
   a. Of a strength of 50° Tralles ........................................ per liter . 0.800
   
   b. Of a strength above 50° Tralles per degree in excess .................... do . .016
   
   c. Of a strength under 50° Tralles per degree under ..................... do . .016
   
   B. Spirits and alcoholic liquors, sweetened or mixed with any substance, so that the alcoholic strength can not be ascertained by means of the alcoholometer .......................................................... per liter . 1.20

2. Tobacco ................................................................. per kilo . .50

3. Salt ............................................................................ . .02

4. Sugar .......................................................................... . .05

5. Petroleum and illuminating oils .............................................. per liter . .054

6. Firearms ......................................................................... 3.00

7. Gunpowder ...................................................................... 1.00

8. Fish of African origin, dried, salted, smoked, cooked, or fried ? . do . .05

9. All other articles not expressly designated as being free of duty, ad valorem (per cent) .................................................. 10

10. Wines of all kinds and similar beverages containing wine:
    
    a. Containing not more than 15 per cent of alcohol, ad valorem (per cent) .......................................................... 10
    
    b. Containing more than 15 per cent, but not more than 25 per cent of alcohol .......................................................... per liter . .60
    
    c. Containing more than 25 per cent of alcohol (dutiable under 1 B.).

Export duties.—There were no export duties. However, the exportation of neat cattle, sheep, goats, pigs, and poultry was permitted only upon authorization of the governor, who imposed small license fees. The export of nut wood was prohibited, and the export of other sorts of wood was permitted only by official authorization.

GERMAN NEW GUINEA.

SITUATION AND COMMERCE.

The German customs territory of New Guinea comprised Kaiser Wilhelm’s Land, Prince Bismarck Archipelago, the Solomon Islands, and, since July 15, 1903, the Caroline, Pelew, Marianna (Ladrone),

79 This provision dates from Sept. 20, 1907.
80 The rate on articles not enumerated was 4 per cent under the convention of 1894 with Great Britain, but was raised to 10 per cent by the ordinance of July 24, 1894. The same ordinance cut down the free list from nearly 100 items to 33 and made the duties on salt, sugar, and petroleum specific. The Convention between Great Britain and Germany, signed Feb. 24, 1894, to be effective May 1 of that year (Brit. and For. State Papers, Vol. 56, p. 87) created a customs union between Togo and that part of the Gold Coast which lies east of the river Volta. These territories were not to be separated by any customs line and the tariff applicable to both was embodied in the treaty. Its schedule was simple: specific duties were imposed upon liquors, tobacco, firearms and powder; there was a long free list, and all other articles including such important trading commodities as textiles, sugar, and kerosene were made dutiable at 4 per cent ad valorem. The operation of this treaty was prolonged until April 30, 1904, without change of rates, except the increase of the liquor duties in 1900 in accordance with the Brussels Convention of the preceding year.
81 Ordinance of Dec. 31, 1904.
82 Ordinance of June 10, 1908. Deutsches Kolonialblatt, Sept. 15, 1908. Until this ordinance went into effect no duties had been collected in the islands named. In the Marshall Islands license taxes had been collected including the following: Commercial firms with an annual business of 500,000 marks or more, 9,000 marks annually; other commercial firms, 6,000 marks annually. Trading vessels effecting commercial transactions for firms not established there, 1,000 marks per voyage; trading stations, 100 marks annually. B. I. d. D., No. 119.
and Marshall Islands. The combined area, 95,160 square miles, had a population in 1913 of about 603,000 people, including about 1,500 whites—1 in 400 of the total.

In 1912 the imports and exports of the whole customs area were as follows:

**Table 12.—Trade of New Guinea, 1912.**

(In thousands of marks.)

**IMPORTS.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grains and vegetables</td>
<td>1,417</td>
</tr>
<tr>
<td>Coffee, tea, cocoa, and sugar</td>
<td>172</td>
</tr>
<tr>
<td>Spices, etc.</td>
<td>107</td>
</tr>
<tr>
<td>Tobacco</td>
<td>302</td>
</tr>
<tr>
<td>Liquors</td>
<td>465</td>
</tr>
<tr>
<td>Wood and timber</td>
<td>456</td>
</tr>
<tr>
<td>Meat and fish</td>
<td>987</td>
</tr>
<tr>
<td>Earth and stone</td>
<td>200</td>
</tr>
<tr>
<td>Coal</td>
<td>407</td>
</tr>
<tr>
<td>Mineral oils</td>
<td>145</td>
</tr>
<tr>
<td>Candles and soap</td>
<td>164</td>
</tr>
<tr>
<td>Drugs and apothecary wares</td>
<td>274</td>
</tr>
<tr>
<td>Yarns and textiles</td>
<td>800</td>
</tr>
<tr>
<td>Clothing and accessories</td>
<td>326</td>
</tr>
<tr>
<td>Beasts</td>
<td>143</td>
</tr>
<tr>
<td>Wooden wares</td>
<td>155</td>
</tr>
<tr>
<td>Earthen and glass ware</td>
<td>138</td>
</tr>
<tr>
<td>Instruments and machines</td>
<td>1,089</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>428</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,207</td>
</tr>
</tbody>
</table>

**EXPORTS.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copra</td>
<td>6,010</td>
</tr>
<tr>
<td>Rubber</td>
<td>156</td>
</tr>
<tr>
<td>Mother-of-pearl</td>
<td>158</td>
</tr>
<tr>
<td>Birds of paradise (skins)</td>
<td>449</td>
</tr>
<tr>
<td>Phosphates</td>
<td>4,991</td>
</tr>
<tr>
<td>Curiosities</td>
<td>107</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>216</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,087</td>
</tr>
</tbody>
</table>

1 Included salt, leather and leather goods, paper and books, and weapons and munitions.
2 Included tortoise shell, trepang, and cocoa.

**THE CUSTOMS TARIFF.**

The customs tariff established by the ordinance of June 10, 1908, including amendments, was as follows:

**Import duties.—**

1. Cigars........................... per 1,000. 20.00
2. Cigarettes. .................. do. 10.00
3. Tobacco and all manufactures thereof, not specially mentioned, per kilo, net. 3.00
4. Spirits, potable, brandy, and liquors of all kinds, also essences containing alcohol, per liter. 2.00
   Southern wines and sweet wines, sparkling wines. do. 1.25
   If valued at more than 5 marks per liter. ad valorem (per cent). 20
5. Still wines, not mentioned elsewhere. per liter. 60
   If valued at more than 3 marks per liter. ad valorem (per cent). 20
6. Beer of all kinds. per liter. 20
7. Cider and other fruit wines. do. 25
8. All other articles, not expressly exempted. ad valorem (per cent). 10

---

23 Ordinances of July 7, 1908; Feb. 1 and 16, 1909; Nov. 22, 1912; and Oct. 14, 1913.
In addition to the usual items in the free list, rice, salt, meat, and dried fish were exempted. The importation of opium, except for medicinal purposes, and of weapons, ammunitions, and explosives, and of used clothing and textile fabrics was prohibited.

**Export duties:**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Copra per metric ton</td>
<td>10.00</td>
</tr>
<tr>
<td>2. Trepang:</td>
<td></td>
</tr>
<tr>
<td>Grade A. do</td>
<td>100.00</td>
</tr>
<tr>
<td>Grade B. do</td>
<td>50.00</td>
</tr>
<tr>
<td>Grade C. do</td>
<td>30.00</td>
</tr>
<tr>
<td>3. Tortoise shell per kilo</td>
<td>5.00</td>
</tr>
<tr>
<td>4. Entire tortoise shells each</td>
<td>10.00</td>
</tr>
<tr>
<td>5. Mother-of-pearl shells per metric ton do</td>
<td>100.00</td>
</tr>
<tr>
<td>All other shells containing mother-of-pearl do</td>
<td>10.00</td>
</tr>
<tr>
<td>6. Skins of birds of paradise, parts thereof, and feathers each</td>
<td>20.00</td>
</tr>
<tr>
<td>7. Skins of crown pigeons, etc. do</td>
<td>5.00</td>
</tr>
<tr>
<td>8. Cassowary feathers per kilo, net</td>
<td>25.00</td>
</tr>
<tr>
<td>9. Egret feathers do</td>
<td>1,000.00</td>
</tr>
</tbody>
</table>

**Samoan Islands (Samoa and Upolu).**

SITUATION AND COMMERCE.

German Samoa was, after Kiaochow, the smallest customs unit among the German colonies; with an area of only 1,000 square miles it had a population in 1913 of 38,544, of whom about 544 were whites. The imports and exports for the colony are shown in Table 13:

**Table 13.—Trade of Samoa, 1913.**

[In thousands of marks.]

**IMPORTS.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoholic liquors</td>
<td>211</td>
</tr>
<tr>
<td>Tobacco, cigars, etc.</td>
<td>71</td>
</tr>
<tr>
<td>Gunpowder</td>
<td>1</td>
</tr>
<tr>
<td>Foodstuffs</td>
<td>2,051</td>
</tr>
<tr>
<td>Textiles and clothing</td>
<td>906</td>
</tr>
<tr>
<td>Metal wares</td>
<td>231</td>
</tr>
<tr>
<td>Wood and building materials</td>
<td>747</td>
</tr>
<tr>
<td>Machines and vehicles</td>
<td>227</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,221</td>
</tr>
<tr>
<td>Total</td>
<td>5,676</td>
</tr>
</tbody>
</table>

**EXPORTS.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copra</td>
<td>4,121</td>
</tr>
<tr>
<td>Cacao</td>
<td>1,068</td>
</tr>
<tr>
<td>Kava root</td>
<td>94</td>
</tr>
<tr>
<td>Rubber</td>
<td>91</td>
</tr>
<tr>
<td>Total</td>
<td>5,339</td>
</tr>
</tbody>
</table>

*4 Except for use of the foreign population.
*5 Raised from 2 marks to 5 marks by an ordinance of Nov. 22, 1912. On Sept. 26, 1913, it was announced that no permits for hunting birds of paradise would be granted for the year 1914.
*6 Raised from 0.50 mark to 5 marks by ordinance of Oct. 14, 1913.
*7 Imposed by ordinance of Oct. 14, 1913.
THE CUSTOMS TARIFF.

The schedule of import duties prescribed by the ordinance of July 1, 1901, was as follows:

1. Ale, porter, and beer. .......... per liter. 0.20
2. Spirits. ................ do. 2.50
3. Wines, other than sparkling. do. 0.50
4. Wines, sparkling. ........... do. 1.40
5. Tobacco. .................... per kilo. 4.50
6. Cigars. ..................... do. 9.00
7. Sporting arms. ............... each. 16.00
8. Gunpowder. ................ per kilo. 2.50
9. Goods of all kinds except those above mentioned. ad valorem (per cent). 12

Prohibitions were imposed by ordinance of August 31, 1907, upon the importation of cacao seed and cacao plants from Ceylon and the Dutch East Indies. These commodities might be imported from other countries subject to license. The importation of all animals except domestic animals was prohibited, except upon special permit, (ordinance of February 16, 1909). Domestic animals could be imported only upon exhibition of a certificate from quarantine authorities at the port of origin. The importation of air guns and pistols was prohibited on and after January 1, 1912—doubtless as a measure of protection for wild birds.

The tariff of Samoa contained no list of articles exempted from import duties and no export duties.

KIAOCHOW.

SITUATION AND COMMERCE.

The German protectorate of Kiaochow comprised an area of about 200 square miles on the coast of the Chinese Province of Shantung. (Germany's administrative jurisdiction also extended over the Bay of Kiaochow and small islands off the coast.) The population in 1913 was 194,470, of whom 187,000 were Chinese and 4,470 Germans (including the garrison). 88

The commerce of Kiaochow consisted largely of transit trade. Table 14 shows the principal items of import and export in the fiscal year ended September 30, 1913.

Table 14.—Trade of Kiaochow; chief commodities, 1912-13.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value (in thousands of marks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTS</td>
<td></td>
</tr>
<tr>
<td>Cotton goods</td>
<td>23,752</td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>23,768</td>
</tr>
<tr>
<td>Shanghai cotton yarn</td>
<td>5,368</td>
</tr>
<tr>
<td>Paper</td>
<td>9,440</td>
</tr>
<tr>
<td>Metals</td>
<td>3,742</td>
</tr>
<tr>
<td>Sugar</td>
<td>4,586</td>
</tr>
<tr>
<td>Matches</td>
<td>4,577</td>
</tr>
<tr>
<td>Petroleum</td>
<td>5,303</td>
</tr>
<tr>
<td>Aniline dyes</td>
<td>4,802</td>
</tr>
<tr>
<td>Cigarettes, Chinese.</td>
<td>2,478</td>
</tr>
<tr>
<td>Cigarettes, not of Chinese origin</td>
<td>1,123</td>
</tr>
<tr>
<td>Materials for railways and mining</td>
<td>1,383</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>31,817</td>
</tr>
<tr>
<td>TOTAL</td>
<td>122,254</td>
</tr>
</tbody>
</table>

| EXPORTS   |                             |
| Strawboard  | 17,590                      |
| Groundnut oil  | 7,187                       |
| Bean oil  | 2,754                       |
| Silk, yellow | 7,507                       |
| Silk waste  | 1,063                       |
| Shantung ponees  | 8,009                       |
| Cows  | 3,169                       |
| Groundnuts, shelled  | 11,382                      |
| Dates, black  | 1,126                       |
| Eggs  | 1,287                       |
| Cattle  | 2,671                       |
| Coal  | 2,034                       |
| Cotton  | 5,012                       |
| Fresh meat  | 1,418                       |
| Miscellaneous  | 6,273                       |
| TOTAL  | 79,649                      |

88 It is now estimated at 200,000, of whom 20,000 are Japanese.
The extent to which Germany participated in the trade of Kiaochow in the years 1910–1913 is shown in Table 15:

**Table 15.—Trade of Kiaochow with Germany, 1910–1913.**

[In 1,000 Haikwan taels.]

**IMPORTS.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>From Chinese ports.</th>
<th>From Germany.</th>
<th>From other countries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>26,579</td>
<td>14,547</td>
<td>54.9</td>
<td>4,570</td>
</tr>
<tr>
<td>1911</td>
<td>26,967</td>
<td>15,396</td>
<td>50.4</td>
<td>4,663</td>
</tr>
<tr>
<td>1912</td>
<td>31,521</td>
<td>15,624</td>
<td>53.1</td>
<td>2,843</td>
</tr>
<tr>
<td>1913</td>
<td>34,756</td>
<td>19,290</td>
<td>55.5</td>
<td>2,886</td>
</tr>
</tbody>
</table>

**EXPORTS.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>To Chinese ports.</th>
<th>To Germany.</th>
<th>To other countries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>17,171</td>
<td>9,614</td>
<td>56.0</td>
<td>1,307</td>
</tr>
<tr>
<td>1911</td>
<td>19,854</td>
<td>9,676</td>
<td>48.7</td>
<td>1,596</td>
</tr>
<tr>
<td>1912</td>
<td>24,999</td>
<td>15,847</td>
<td>63.4</td>
<td>1,889</td>
</tr>
<tr>
<td>1913</td>
<td>25,692</td>
<td>13,653</td>
<td>53.1</td>
<td>2,287</td>
</tr>
</tbody>
</table>

**THE CUSTOMS TARIFF.**

According to the agreement made between the Chinese and the German Governments on April 17, 1899, Tsingtao, the port of the colony, was to retain the characteristic privileges of a free port. But certain new arrangements were made in order to prevent smuggling and to facilitate the payment of customs duties by the inhabitants of the protectorate. Goods in transit from the colony to the interior were not to be taxed until they crossed the border, and in the same way goods from the interior were not subject to export duties until they were shipped out of the colony. The European personnel of the customhouse in Tsingtao was to be composed of Germans, members of the Chinese maritime customs service, designated to the Tsingtao port by the inspector general, and approved by the German minister at Peking.

This agreement was superseded by a later arrangement (December 1, 1905), according to the terms of which the German colony voluntarily restricted its free port area to the immediate vicinity of the port, and the remainder of the territory was placed under the jurisdiction of the Chinese customs. In return the Chinese customs administration pledged itself to turn over to the Kiaochow government one-fifth of the net yield of the customs revenue collected by it in the leased Territory.89

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89 See also chapter VII on Japanese colonial tariffs, p. 447.
The tariff rates in force were, therefore, those of the Chinese tariff, involving for most commodities, whether imported or exports, 5 per cent ad valorem with the possibility of commuting likin charges for an additional 2½ per cent.

Commodities exempted from duty were: All articles for the arms-ment, equipment, and clothing of the German soldiers and marines, machines and tools, building materials and equipment for public buildings, parcel-post packages of less than $1 ("Mexican") in value, and the personal baggage of travelers. All manufactured goods produced in the colony were to be dutiable at the rate at which the raw materials composing them would have been dutiable. The trade in opium and in arms, gunpowder, explosives, and similar materials was regulated by orders of the German Government. Exportation of arms and ammunition from German to Chinese terri-tory was permitted only upon special license.

This ordinance marks a new departure in China, which affords great satisfaction both to China and to the protectorate: both parties are assured of an income, and that without burdening trade and industry in the customs area (of the colony). The inhabitants of the colony, it is true, do suffer to the extent to which they consume imported goods. For them the customs duty operates as a tax.⁹⁰

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⁹⁰ Gründel, E.: Hafenkolonien und Kolonialähnliche Verhältnisse in China, Japan, und Korea, Jena, 1913, p. 80. The description of the tariff situation in Kiaochow has been taken largely from Gründel’s work.


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TEXTS OF TREATIES.

See list given on page 834.
APPENDIX TO CHAPTER IV.

PRESENT STATUS OF FORMER GERMAN COLONIES AND OF OTHER MANDATED TERRITORIES.

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Cession of German Colonies and Their Distribution.

The treaty of peace signed at Versailles June 28, 1919, transferred the title of all German overseas possessions to the Principal Allied and Associated Powers, but provided that their administration should be by or under the control of mandatories whose administration of the territories should be, in turn, supervised by the League of Nations. The provisions relative to mandates are contained in article 22 of the treaty and will be found on page 11, above. The other relevant articles of the treaty are as follows:

ARTICLE 118. In territory outside her European frontiers as fixed by the present treaty, Germany renounces all rights, titles, and privileges whatever in or over territory which belonged to her or to her allies, and all rights, titles, and privileges, whatever their origin, which she held as against the Allied and Associated Powers.

1 The Turkish territories of Mesopotamia, Syria, and Palestine were similarly ceded to the Principal Allied Powers. This treaty has been ratified by none of the signatories, but the final settlement will probably be along the lines laid down therein, and the articles concerning these territories are therefore relevant.

ART. 132. Outside her frontiers as fixed by the present treaty Turkey hereby renounces in favor of the Principal Allied Powers all rights and title which she could claim on any ground over or concerning any territories outside Europe which are not otherwise disposed of by the present treaty.

Turkey undertakes to recognize and conform to the measures which may be taken now or in the future by the Principal Allied Powers, in agreement where necessary with third Powers, in order to carry the above stipulation into effect.

ART. 94. The High Contracting Parties agree that Syria and Mesopotamia shall, in accordance with the fourth paragraph of article 22, Part I (Covenant of the League of Nations), be provisionally recognized as independent Subjects subject to the rendering of administrative advice and assistance by a mandatory until such time as they are able to stand alone. ** **

ART. 95. The High Contracting Parties agree to intrust by application of the provisions of article 22 the administration of Palestine, within such boundaries as may be determined by the Principal Allied Powers, to a mandatory to be selected by the said Powers. The mandatory will be responsible for putting into effect the declaration originally made on November 2, 1917, by the British Government, and adopted by the other Allied Powers, in favor of the establishment in Palestine of a national home for the Jewish people, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country. ** **

ART. 96. The terms of the mandates in respect of the above territories will be formulated by the Principal Allied Powers and submitted to the Council of the League of Nations for approval.

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Germany undertakes immediately to recognize and to conform to the measures which may be taken now or in the future by the Principal Allied and Associated Powers, in agreement where necessary with third Powers, in order to carry the above stipulation into effect.

In particular Germany declares her acceptance of the following articles relative to certain special subjects.

ARTICLE 119. Germany renounces in favor of the Principal Allied and Associated Powers all her rights and titles over her overseas possessions.

ARTICLE 125. Germany renounces all rights under the conventions and agreements with France of November 4, 1911, and September 28, 1912, relating to Equatorial Africa. She undertakes to pay to the French Government, in accordance with the estimate to be presented by that Government and approved by the Reparation Commission, all deposits, credits, advances, etc., effected by virtue of these instruments in favor of Germany.

It should be noted that articles 118, 119, and 125 do not mention the League of Nations and that article 22 does not define the League’s title to the territories with which it deals; and accordingly, it has been held that the League has no title to the territories whose administration it is to supervise. In fact the Supreme Council of the Allied and Associated Powers (Council of Four) made a tentative distribution of the territory as early as May, 1919; but it should be clearly understood that without the formal approval of the United States this settlement remains tentative. The distribution was as follows:

Togo and Kamerun.—France and Great Britain shall make a joint recommendation to the League of Nations as to their fate.

German East Africa.—The mandate shall be held by Great Britain.

German South-West Africa.—The mandate shall be held by the Union of South Africa.

The German Samoan Islands.—The mandate shall be held by New Zealand.

The other German Pacific possessions south of the Equator, excluding the German Samoan Islands and Nauru.—The mandate shall be held by Australia.

Nauru (Pleasant Island).—The mandate shall be given to the British Empire.

The mandate as published is to Great Britain.

The German Pacific Islands north of the Equator.—The mandate shall be held by Japan.

The French Government (and apparently the British Government) interpret article 125 to mean that the 100,000 square miles of Equatorial Africa which France ceded to Germany by the treaties named in the article reverts to France directly and again becomes a French colonial possession distinct from the adjacent territory held under mandate.

Toward the end of August the Supreme Council expressed its “approval” of an arrangement arrived at between Great Britain and

1 The German Government has protested against this interpretation, but it is the one which has been actually acted upon by the Powers and which has been accepted by the Council of the League of Nations. See their reply to the American note of Feb. 21, 1921, a reply whose text was published by the press on Mar. 3, 1921. See also the report presented by the Belgian representative, M. Hymans, and adopted by the Council of the League of Nations, upon the obligations falling upon the League of Nations under the terms of article 22 of the covenant (Official Journal of the League of Nations, Sept., 1921, pp. 334–341).

2 M. Hymans reported as follows upon the allocation of the mandates and the legal title of the mandatesaries (p. 336):

"There is one point on which there seems to be no divergence of opinion, namely, that the right to allocate the mandates—that is to say, to appoint the mandatory Powers and to determine the territories over which they shall exercise authority—belongs to the Principal Allied and Associated Powers. Article 22 of the covenant makes no provision regarding the authority which shall appoint the mandatesaries; but article 110 of the treaty of Versailles transfers the sovereignty over the former German overseas possessions to the Principal Allied and Associated Powers, and article 118 expressly stipulates that measures shall be taken by the Principal Allied and Associated Powers, in agreement, where necessary, with third Powers, in order to carry into effect the full consequences of the provision by which Germany renounces her rights outside Europe. These two articles of the treaty of Versailles can obviously serve as guides in the interpretation of the covenant, since they are strictly contemporary, have been drawn up by the same authors, and since the covenant forms part of the treaty of Versailles. The Allied Powers have adopted the same interpretation of article 22 of the covenant by inserting articles in the treaty of peace of St. Germain dated 10th September, 1919, with Austria, and in the draft treaty with Turkey, which stipulate expressly that the right to appoint mandatory Powers shall belong to the Principal Allied Powers. There can be no question, moreover, as to the intentions of the authors of the covenant with regard to this question.”

3 In regard to the island of Yap the United States has entered protests.
Belgium whereby the former handed over to the latter the regions of Ruanda and Urundi in (German) East Africa, and on August 26 communications were read before the Belgian Senate in evidence of Great Britain's confirmation of this arrangement and stating that the Supreme Council of the League of Nations had given its approval.\(^4\) Arrangements were made later for the division of Kamerun and of Togo between France and Great Britain. It was agreed that France is to administer about nine-tenths\(^5\) of the area of Kamerun and about two-thirds\(^6\) of Togo.

The treaty of Versailles contained further provisions directed to the elimination of German property and interest, both public and private, from these colonies (arts. 120-125). Germany pledged herself to observe the provisions of the Brussels act relating to the trade in arms and spirits in Middle Africa (art. 126). And it was agreed that the native inhabitants of the former German oversea possessions should "be entitled to the diplomatic protection of the Governments exercising authority over those territories" (art. 127).

The status of the mandated territories remains undetermined (October, 1921) and the whole subject may be regarded as still open. The Council of the League has formally approved the texts of the mandates for territories of Class C, but in respect to these at least three diplomatic questions are being debated—the status of Yap, the conflict over the Anglo-German-American treaty of 1899, and the introduction of differential duties into the tariff of Western Samoa, and the reservations made by Japan respecting the treatment of her nationals in territories of Class C. The mandates of Classes A and B have been drafted and submitted to the Council of the League of Nations, but so far the Council has not transmitted them to the Assembly of the League of Nations.\(^6\) France has made reservations in regard to the application of Class B mandates to Kamerun and Togo, and the United States has entered protests calculated to prevent any discrimination against American interests in Classes A and B. In reading the following discussion relative to mandated territories, therefore, it must be borne in mind that the discussion deals with history in the making and that the drafted terms of the mandates and various actions already taken are liable to modification.

**Theory of the Mandated Territories.**

According to article 22 of the Covenant of the League of Nations, mandated territories belong to three classes which are now com-

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\(^4\) The division was made by the Orts-Miner convention of May 30, 1919, but this has not been ratified by Belgium. (L'Afrique Francaise, May, 1921).

\(^5\) Nine-tenths of the whole, including the area claimed by the French as under their sovereignty. The British will hold the mandate over a strip less than 100 miles wide, following the Nigerien frontier and continuous from the sea to Lake Chad, except in the neighborhood of the Benue River. The port of Duala and the railroads to the north and east and the trade route to Lake Chad via Bare, Bamum, Banyo, Laro, Garua, and Mora are in the French portion. The British portion includes the port of Victoria, Mount Kamerun (13,370 feet), and the German capital and health resort, Buea, upon the mountain.

\(^6\) For texts of the proposed mandates see British Parliamentary Papers, Misc. Ser. 1921, Nos. 3-7, 14, and 16: also The Times (London), Feb. 3 (Mesopotamia), Feb. 5 (Palestine), and Mar. 4, 1921 (Tangan-yika), and L'Afrique Francaise, July (Togo), and Oct., 1921 (South-West Africa).
commonly distinguished as Classes A, B, and C. Article 22\(^7\) indicates in a general way the territories which belong to the three classes. Class A includes “certain communities formerly belonging to the Turkish Empire,” and is distinguished by the fact that these peoples “have reached a stage of development where their existence as independent nations can be provisionally recognized.” This independent nationhood is recognized in draft mandates proposed for Syria and Mesopotamia, but not so clearly in that for Palestine. These three draft mandates provide for the establishment of constitutions and for local self-government. They provide for the abolition of all rights guaranteed to foreigners in the capitulations\(^8\) or old Turkish treaties. Especially they provide for the removal of all limitations upon the levying of customs duties and other taxes except that there shall be no discriminatory treatment of nationals of States which are members of the League of Nations and no discriminatory duties on imports from or exports to any State which is a member. Article 11 of the draft mandate for Mesopotamia reads as follows:

The mandatory must see that there is no discrimination in Mesopotamia against the nationals of any State, member of the League of Nations (including corporations incorporated under the laws of such State), as compared with the nationals of the mandatory or of any foreign State in matters concerning taxation, commerce or navigation, the exercise of industries or professions, or in the treatment of ships or aircraft \(^9\). Similarly, there shall be no discrimination in Mesopotamia against goods originating in or designated for any of the said States, and there shall be freedom of transit under equitable conditions across the mandated area.

Subject as aforesaid the Mesopotamian Government may on the advice of the mandatory impose such taxes and customs duties as it may consider necessary and take such steps as it may think best to promote the development of the natural resources of the country and to safeguard the interests of the population.

Nothing in this article shall prevent the Mesopotamian Government, on the advice of the mandatory, from concluding a special customs arrangement with any State the territory of which in 1914 was wholly included in Asiatic Turkey or Arabia.

This stipulation for the maintenance of the open door does not by its terms operate in favor of the United States, which is not a member of the League of Nations; it does not follow, however, that discriminations against the United States are likely to be introduced; and if the same policy is followed in these mandated territories as has been hitherto followed in all similar cases in colonial administration,\(^9\) discriminations against the trade of the United States will not be introduced.

Class B of the mandated territories includes, according to article 22 of the covenant, “especially” Central Africa; in fact, it includes the former German territories of East Africa, Kamerun, and Togo, and nothing else.\(^10\) It is recognized that the mandatory must be responsible for the administration of these territories in a more direct way than for those of Class A, and in regard to Class B alone does the Covenant explicitly require the mandatory Power to “secure equal opportunities for the trade and commerce of the other members of the League.” East Africa was already open-door territory under the guarantee of the act of Berlin, and in Togo and Kamerun the Germans had pledged themselves to give equal opportunities to British trade and in practice they had maintained the open door for all.

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\(^7\) The text of article 22 is quoted on p. 11.
\(^8\) The United States has made “reservations” as to its capitulary rights.
\(^10\) See p. 27.

\(^11\) And the French Government has made “reservations” concerning the application of mandates of Class B to Kamerun and Togo. (L’Afrique Française, Jan. 1921, p. 13.)
Class C includes territories which "can be best administered as integral portions" of the territory of the mandatory. South-West Africa and "certain of the South Pacific Islands" are mentioned as illustrations of such territories. In practice all the former German possessions in the Pacific are now governed under mandates which place the territories in this class. Though there remain outstanding certain diplomatic questions in regard to these territories and even the possibility that the whole subject will be reconsidered, the mandates were approved by the Council of the League of Nations on December 17, 1920. These mandates were drafted in consultation by the Powers which were to assume the mandates of this class and they are identical in their terms except for the differences in the names of the mandatory Powers and of the territories mandated.

By the terms of these mandates, "the mandatory shall have full power of administration and legislation over the territory subject to the present mandate as an integral portion of the Empire of Japan [or of the Commonwealth of Australia, etc.] and may apply the laws of the Empire of Japan to the territory, subject to such local modifications as circumstances may require."

**Commercial Importance of the Mandated Territories.**

The boundaries have not all been precisely determined and exact figures cannot be given for the areas and populations of the mandated territories. Approximate figures are given in Table 16.

**Table 16.—Area, population, and trade of the mandated territories.**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mesopotamia (Iraq)</td>
<td>Great Britain</td>
<td>143,000</td>
<td>2,849,000</td>
<td>50.7</td>
<td>35.8</td>
<td>1919</td>
</tr>
<tr>
<td>Palestine</td>
<td>France</td>
<td>9,000</td>
<td>649,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syria</td>
<td>France</td>
<td>80,000</td>
<td>3,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class B:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tanganyika</td>
<td>Belgium</td>
<td>365,000</td>
<td>3,500,000</td>
<td>5.6</td>
<td>6.4</td>
<td>1919-20</td>
</tr>
<tr>
<td>Ruanda and Urundi</td>
<td>France</td>
<td>59,000</td>
<td>3,500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cameroon</td>
<td>France</td>
<td>106,000</td>
<td>2,540,000</td>
<td>7.2</td>
<td>7.1</td>
<td>1918</td>
</tr>
<tr>
<td>Do.</td>
<td>Great Britain</td>
<td>30,000</td>
<td></td>
<td>6.3</td>
<td></td>
<td>1919</td>
</tr>
<tr>
<td>Togoland</td>
<td>France</td>
<td>21,200</td>
<td>1,032,000</td>
<td>2.7</td>
<td></td>
<td>1919</td>
</tr>
<tr>
<td>Do.</td>
<td>Great Britain</td>
<td>12,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class C:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South-West Africa</td>
<td>South Africa</td>
<td>322,000</td>
<td>100,000</td>
<td>10.4</td>
<td>10.6</td>
<td>1919</td>
</tr>
<tr>
<td>New Guinea</td>
<td>Australia</td>
<td>94,000</td>
<td>540,000</td>
<td>10.2</td>
<td>10.4</td>
<td>1919-20</td>
</tr>
<tr>
<td>Nauru</td>
<td>Great Britain</td>
<td>9,000</td>
<td>65,000</td>
<td>3.5</td>
<td>3.7</td>
<td>1913</td>
</tr>
<tr>
<td>North Pacific Islands</td>
<td>Japan</td>
<td>1,000</td>
<td>4,000</td>
<td>31.2</td>
<td>31.2</td>
<td>1919</td>
</tr>
<tr>
<td>Western Samoa</td>
<td>New Zealand</td>
<td>1,000</td>
<td>10,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,244,000</td>
<td>17,815,000</td>
<td>98.9</td>
<td>67.2</td>
<td></td>
</tr>
</tbody>
</table>

1Census of 1920.
2Supplement to Commerce Reports, No. 62a, Nov. 26, 1920. Military supplies are excluded.
3Egg: 100,000 per $1. Year ended Mar. 31, 1921. Imports & E 5,217,000, exports. E 772,000.
4Commerce Reports, July 21, 1921; "less than 4,000,000." Statesman's Year-Book, 1921, "approximately 3½ million." The last German estimate of the population of German East Africa was 7,950,000, but the Belgian territory is one of the most thickly populated in Central Africa, and accounts for three or four million.
5D. The East African Rupee has been stabilized at two shillings, but as the pound sterling is below par the £17,370,000 of imports and the 19,940,000 of exports have been converted at the old par rates. The trade of German East Africa in 1913 was $12,700,000 of imports and $8,500,000 of exports.
6This figure does not include the 107,000 square miles ceded by France to Germany in 1911 and reacquired by France according to the French interpretation of article 125 of the treaty of peace with Germany.
7Frances converted at par.
8Supplement to Commerce Reports, No. 70a, Dec. 20, 1920.
9Commerce Reports, Dec. 8, 1920. Frances converted at par.
10Statesman's Year-Book, 1921, converting pounds sterling at $1.00.
11The same is true of the mandates for Classes A and B, respectively.
The chief features of the resources and trade of the former German colonies have been mentioned above (p. 230).

Mesopotamia, Syria, and Palestine are not tropical territories, as they lie between $30^\circ$ and $37^\circ$ north. Only the deep, narrow valley of the Jordan, now uncultivated, would produce tropical vegetation. Elsewhere the country produces cereals, cattle and sheep, and subtropical fruit, as dates, figs, and olives. At present the chief exports of domestic production from Mesopotamia are dates and wool; but it has been and doubtless will again become a great grain-exporting country. It is also expected that Mesopotamia will contribute considerably to the cotton supply of the world. Though the seasons and the irrigation problems are different from those of Egypt, Mesopotamia can eventually put a great acreage under cotton. But years must elapse before the irrigation systems are restored and completed and the labor supply sufficiently enlarged and trained to make Mesopotamia a large factor in the cotton market. Its trade in 1919 was largely a transit trade, and practically one-half of its total exports consisted of cotton goods reexported to Persia. Large quantities of sugar and tea followed the same route, while the second item of exportation in the direction of Europe was carpets, most of which were of Persian origin. The extent of the trade with Persia in 1919 was due to temporary conditions, but there will continue to be a considerable market in Mesopotamia for the cheaper cottons, sugar, tobacco, and the long list of manufactures which make up the import trade of nonmanufacturing countries. The oil resources of Mesopotamia have been much discussed, and drills and pumps, as well as agricultural machinery, are likely to attain prominence among the imports.

Tariffs of the Mandated Territories.

Class A.—Mesopotamia, Syria, and Palestine.

Restrictions Embodied in Treaties and Mandates.

Mesopotamia, Syria, and Palestine, while they were part of the Turkish Empire, were subject to treaties (the capitulations) which effectively guaranteed the open door to the treaty powers and which restricted the amount of the customs duties leviable. The mandates drafted for these territories (but not yet approved by the League of Nations) provide explicitly that the obligations of these capitulations shall no longer apply to these territories; that is, the approval of these draft mandates would, in so far as approval by an organ of the League of Nations would have that effect, deprive the United States of its rights under the capitulations and leave it without guaranties of equal treatment for its commerce. The United States has entered a protest, and the matter remains unsettled. No guaranty of commercial equality has been substituted for those contained in the capitulations. The Covenant of the League of Nations does not explicitly require the maintenance of the open door in mandates of

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12 It has been put as high as 1,000,000 acres (cf. Egypt's 1,700,000), but the estimate of the Indian Agricultural Service is only 150,000 to 200,000 acres. (Commerce Reports, Jan. 8, 1921. Cf. The Economist, Sept. 18, 1920, p. 432.)

13 The framers of the treaty of Versailles contemplated that Armenia would be a territory held under mandate. But when it appeared that no country wished to accept a mandate for Armenia, Armenia was recognized as an independent country by the treaty of Sevres, of which it was a signatory.
Class A. And while the terms of the mandates drafted by France and Great Britain and presented to the Council of the League of Nations for approval (which has not yet been given) contain certain provisions for commercial equality, the provisions do not prevent discriminations against the trade of countries which are not members of the League of Nations. Further, the draft mandates specifically provide for the levying of customs duties without limitation of rates, as contrasted with the previous maximum of 11 per cent. This change permits the imposition of higher rates on products, such as oil and tobacco, in which the United States is especially interested, and thus permits discriminations to be effected by the selection of certain articles for unduly onerous rates. This matter also now constitutes the subject of diplomatic exchanges.

TARIFF RATES.

Palestine.—In 1914 the maximum rate—11 per cent ad valorem—was levied upon practically all imports into the Turkish Empire, but imports from Egypt, at that time technically a part of that Empire, paid only 8 per cent. The British military administration by an order of February 27, 1918, continued the Turkish system of taxation, including the 11 per cent customs duty and the special rate of 8 per cent for imports from Egypt. These rates remain effective, with a few exceptions. Certain building materials have been made dutiable at only 3 per cent for a period of two years from August 31, 1920. Restrictions upon the production and sale of tobacco have been abolished, and a surtax of 10 per cent has been imposed. The importation of arms and ammunition, salt, hashish, and German aniline dyes have been prohibited.14

Syria.—No changes appear to have been made in the customs system of Syria. It may be noted that the value used in the assessment of the ad valorem duties is the local sale value and not the value at the point of shipment. A commission has been established composed of merchants and of customs officials in equal numbers to fix official valuations for the principal articles of importation, and these valuations may be revised monthly.

In addition to the customs duty, consumption duties and octrois are levied. The consumption duty falls upon tea, coffee, sugar, and petroleum. The octroi was formerly levied upon entrance into a municipality, but since April 1, 1921, the various and sometimes cumulative octrois levied by the cities have been replaced by a single and uniform duty at the ports,15 i.e., by what the French call an octroi de mer. The rate of this duty is 2 per cent ad valorem upon alcohols and oils used for heating or lighting and upon wines and spirits, and 1 per cent upon all other dutiable imports.

Mesopotamia.—The provisional military government of Mesopotamia collected duties at the rate of 10 per cent ad valorem until April 1, 1919, when the rate of 11 per cent went into effect.16

The present tariff of Mesopotamia, effective since April 1, 1921, levies 15 per cent ad valorem upon all articles not otherwise specified,
but 11 per cent continues to be the rate on dutiable machinery, groceries\textsuperscript{16a} (including flour, spices, salt, and sugar), tallow, tar, and building materials, and upon all unmanufactured articles. There are a few specific rates and upon a few items other rates are collected, e. g., 20 per cent on fish and fish oil. The short free list includes agricultural machinery, dairy produce of Persia, and fresh fruit and vegetables grown in Persia and imported by river craft. The rate on skins of wild animals—of local origin—from the direction of Koweit is only 2\(\frac{1}{2}\) per cent. Wines and spirits made elsewhere than in the British Empire or in allied countries are not permitted to enter.\textsuperscript{17}

CLASS B.—TANGANYIKA, KAMERUN, AND TOGO.

RESTRICTIONS EMBODIED IN TREATIES AND MANDATES.

The mandated territories of Class B have been and continue to be open-door regions. The territory which was formerly German East Africa\textsuperscript{18} and which is now called Tanganyika (British mandate) and Ruanda and Urundi (Belgian mandate) continues to be subject to the provisions of the general act of the conference of Berlin, 1885. This act was revised in 1919 (see p. 120), but that revision (which has not yet been ratified) maintains the obligation to grant commercial equality, but only in favor of the signatory and adhering powers. The Covenant of the League of Nations, therefore, in prescribing the maintenance in this territory and in favor of the members of the League of Nations, of a regime of commercial equality, imposes an obligation which differs only as the membership of the League of Nations may be different from that of the "signatory powers and of States, members of the League of Nations, which may adhere" to the revised Berlin act. The Berlin act and its amendments limited import duties, except upon liquor and arms, to 10 per cent ad valorem. This restriction will be removed if and when the revision of 1919, now ratified only by France, has been generally ratified.

In Kamerun and Togo the open door has been maintained from the time when the territories were first acquired by Germany. Part of Kamerun was included within the Conventional Basin of the Congo and is therefore subject to the provisions of the Berlin act. For the remainder of Kamerun and for Togo equal treatment of British and German commerce had been pledged by an exchange of declarations with Great Britain in 1885 (see p. 240). Although these pledges related only to British commerce, discriminations were not in fact made against the commerce of other countries. As respects these territories, therefore, the Covenant of the League of Nations imposes a wider obligation in regard to the open door than that assumed by Germany by the declaration of 1885, but on the other hand the Covenant omits from the guaranty of the enjoyment of commercial equality nonmembers of the League, and hence is narrower than the policy carried out by Germany.

\textsuperscript{16a} On Sept. 5, 1921, the rate on sugar, tea, coffee, fruits, vegetables, and groceries was raised to 15 per cent, and increases were made on manufactured tobacco, matches, and playing cards. The importation of unmanufactured tobacco was prohibited.

\textsuperscript{17} Commerce Reports, June 2, 1920. Presumably this is a temporary regulation; it is obviously inconsistent with the terms of the draft mandate.

\textsuperscript{18} A small triangle of territory in the southeast corner, claimed as Portuguese in 1891, but occupied by Germany, was placed under Portuguese sovereignty. (Manchester Guardian, Sept. 26, 1919.)
Tanganyika.—From October, 1916, the military government enforced a tariff somewhat simpler than that of the old German administration, with the prevailing rate of 10 per cent ad valorem levied upon both imports and exports. The tariff of August 9, 1921, ignores the Treaty of Berlin and imposes import duties many of which are higher than 10 per cent ad valorem. The rates of import duty are almost identical with those of Kenya, described on page 371. The export schedule restores the exemption of plantation products, imposes specific rates on animals, 30 per cent ad valorem on ivory, 10 per cent on hides, and the same or smaller rates on other items.19

French Kamerun.—Shortly after the capture of Kamerun by the Allied forces this territory was divided for administrative purposes between the French and British by a provisional line, which was approximately the same as the boundary now dividing the mandated territories.20 In both parts of the territory the German customs regulations and rates were continued. In the French portion of the territory they remained in force until the decree of August 7, 1920, extended to this territory the tariff of French Equatorial Africa. This tariff,21 which was established subject to the limitations of the Berlin act and its amendments, has no rates (except on liquors and arms) exceeding 10 per cent ad valorem. Changes in the tariff of Equatorial Africa are likewise applicable to French Kamerun.

British Kamerun (Cameroons).—In the Kamerun territory held under mandate by Great Britain the German import tariff has been slightly modified in 1919 and 1920. The rate on iron articles continues to be 20 per cent ad valorem;22 that on textiles, 15 per cent; and that on unenumerated articles, 10 per cent. Alcoholic beverages, arms and ammunition, rice, dried fish, salt, and unmanufactured tobacco are dutiable at specific rates, some of which have been modified. The duties on alcoholic beverages and tobacco have been increased, that on salt has been reduced, and the rates are now expressed in shillings or pence per pound rather than in marks per kilo. Except for the change of units the export schedule remains unmodified, and the free list continues to include machinery, vehicles,

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19 Alcoholic liquors were subject to higher specific rates. The export duty on ivory was 15 per cent. There were also free lists, that for imports including many classes of goods to promote the development of the country. The chief changes as compared to the German tariff system were that the exportation of plantation products was no longer free and that exports, except ivory, were all dutiable at the same rate.


22 Section 33 of the customs ordinance reads as follows:

"The value of goods returned in customs declarations and in the case of clearance of articles dutiable ad valorem is to be based upon the actual value of the article in the port of entry or export in the Protectorate at the time of importation or exportation."

"On importation, the value is, as a general rule, held to be the price invoiced to the consignee in the Protectorate by the seller abroad (invoice price), plus the transport charges to the port of entry (freight, unloading and insurance expenses) with an additional 5 per cent on the invoice f. o. b. in the port of shipment."

"Failing production of the invoice or if the value obtained by the calculation indicated in the second paragraph does not clearly correspond to the actual value (first paragraph), the market price in the port of entry minus the import duties is to be taken as a basis."

"On exportation the current market price of the day in the port of export is to be taken as a basis of the value."
building materials, scientific instruments, fuel and ice, books and other articles. The importation of trade spirits and stills is prohibited.

French Togo.—The tariff of French Equatorial Africa (see above, French Kamerun) was also made applicable to the French portion of Togo.

British Togo.—This territory has no coast line, and no railroads cross its frontiers; not unnaturally the tariff of the Gold Coast has been proclaimed (B. T. J., Sept. 22, 1921) in accord with the provisions of Class B mandates, permitting customs unions with neighboring colonies.

CLASS C.—SOUTH-WEST AFRICA, NEW GUINEA, WESTERN SAMOA, NAURU, AND THE NORTH PACIFIC ISLANDS.

RESTRICTIONS EMBODIED IN TREATIES AND MANDATES.

Although the Covenant of the League of Nations declares "the principle that the well-being and development" of the inhabitants of these territories "form a sacred trust of civilization," neither the Covenant nor the mandates for territories of Class C explicitly impose any restrictions upon the general commercial policy to be pursued therein. The only restrictions are the prohibitions upon the slave trade and the importation of firearms and of intoxicating liquors.

While these territories were administered by Germany there were no tariff discriminations against foreign countries. Discriminations against American and British commerce in Western Samoa would have been contrary to the treaty of 1899 (see p. 241) and discriminations against British commerce in the other Pacific Islands would have been contrary to the declarations exchanged with Great Britain in 1886 (see p. 240). The present lack of restrictions upon the mandatory Power may be seen from the text of the mandate and from the statement of Prime Minister Hughes of Australia. Mr. Hughes said:

As to immigration, trade and commerce, and shipping, the Parliament will have the same unlettered discretion as it has on the mainland of Australia. In regard to shipping alone, and the trade it carries, this means that Australia will be able to secure for itself, not only the trade in regard to commodities taken to and brought from these islands, but also the control of the shipping that conveys them.

The text of the mandate for South-West Africa is as follows, and those for the other territories of Class C are the same, except for the designation of the territory and of the mandatory Power:

The Council of the League of Nations:

Whereas by article 119 of the treaty of peace with Germany signed at Versailles on the 28th June, 1919, Germany renounced in favor of the Principal Allied and Associated Powers all her rights over her overseas possessions, including therein German South-West Africa; and

Whereas the Principal Allied and Associated Powers agreed that, in accordance with article 22, Part I (Covenant of the League of Nations), of the said treaty, a mandate should be conferred upon His Britannic Majesty, to be exercised on his behalf by the Government of the Union of South Africa, to administer the territory aforementioned, and have proposed that the mandate should be formulated in the following terms; and

Whereas His Britannic Majesty, for and on behalf of the Government of the Union of South Africa, has agreed to accept the mandate in respect of the said territory and

has undertaken to exercise it on behalf of the League of Nations in accordance with the following provisions; and

Whereas, by the aforementioned article 22, paragraph 8, it is provided that the degree of authority, control or administration to be exercised by the mandatory, not having been previously agreed upon by the members of the League, shall be explicitly defined by the Council of the League of Nations.

Confirming the said mandate, defines its terms as follows:

I. The territory over which a mandate is conferred upon His Britannic Majesty for and on behalf of the Government of the Union of South Africa (hereinafter called the mandatory) comprises the territory which formerly constituted the German Protectorate of South-West Africa.

II. The mandatory shall have full power of administration and legislation over the territory subject to the present mandate as an integral portion of the Union of South Africa, and may apply the laws of the Union of South Africa to the territory, subject to such local modifications as circumstances may require.

The mandatory shall promote to the utmost the material and moral well-being and the social progress of the inhabitants of the territory subject to the present mandate.

III. The mandatory shall see that the slave trade is prohibited and that no forced labor is permitted, except for essential public works and services, and then only for adequate remuneration. The mandatory shall also see that the traffic in arms and ammunition is controlled in accordance with principles analogous to those laid down in the convention relating to the control of the arms traffic, signed on September 10, 1919, or in any convention amending same. The supply of intoxicating spirits and beverages to the natives shall be prohibited.

IV. The military training of the natives, otherwise than for purposes of internal police and the local defense of the territory, shall be prohibited. Furthermore, no military or naval bases shall be established or fortifications erected in the territory.

V. Subject to the provisions of any local law for the maintenance of public order and public morals, the mandatory shall insure in the territory freedom of conscience and the free exercise of all forms of worship, and shall allow all missionaries, nationals of any state member of the League of Nations, to enter into, travel and reside in the territory for the purpose of prosecuting their calling.

VI. The mandatory shall make to the Council of the League of Nations an annual report to the satisfaction of the Council, containing the measures taken to carry out the obligations assumed under the foregoing articles.

VII. The consent of the Council of the League of Nations is required for any modification of the terms of the present mandate. The mandatory agrees that if any dispute whatever should arise between the mandatory and another member of the League of Nations relating to the interpretation or the application of the provisions of the mandate such dispute, if it can not be settled by negotiation, shall be submitted to the Permanent Court of International Justice, provided for by article 14 of the covenant of the League of Nations.

The Japanese Government was not satisfied with a mandate in these terms which permitted the exclusion of its nationals from the mandated territories, and made the following declaration:

From the fundamental spirit of the League of Nations and as the question of interpretation of the covenant, His Imperial Japanese Majesty’s Government has a firm conviction in the justice of the claim they have hitherto made for the inclusion of a clause concerning the assurance of equal opportunities for trade and commerce in ‘C’ mandates. But from the spirit of conciliation and cooperation and their reluctance to see the question unsettled any longer they have decided to agree to the issue of the mandate in its present form. That decision, however, should not be considered as an acquiescence on the part of His Imperial Japanese Majesty’s Government in the submission of Japanese subjects to a discriminatory and disadvantageous treatment in the mandated territories, nor have they thereby discarded their claim that the rights and interests enjoyed by Japanese subjects in these territories in the past should be fully respected.

TARIFF RATES.

"The South-West Africa Protectorate."—By a proclamation of July 15, 1915, of the Union of South Africa, "The South-West Africa Protectorate," formerly German Southwest Africa, was assimilated for customs purposes to the Union of South Africa, and the tariff laws of the Union of South Africa were applied to the Pro-
tectorate. Subsequent amendments of the Union of South Africa tariff have been also applied to South-West Africa. There, therefore, free trade between the Protectorate and the Union of South Africa, and the provisions in force in the Union for preference to British imports are likewise effective in the Protectorate.

New Guinea.—The mandate for the former German colony of New Guinea, excluding Nauru and the islands north of the Equator, was conferred upon His Britannic Majesty to be exercised on his behalf by the Government of the Commonwealth of Australia. A bill providing for the civil administration of this group became law (Statute No. 25) on September 30, 1920, but up to May 9, 1921, the islands were governed by an Australian military administration which proclaimed new tariffs intended for revenue purposes only and containing no preferential features.

It may be noted, however, that the majority of the (Australian) Royal Commission on the Late German New Guinea has reported in favor of preferential duties on goods imported into New Guinea in Australian ships, and on products of New Guinea imported into Australia. While the tariff of New Guinea as yet contains no discriminatory features, by other means the trade of the country has been reserved to Australian interests. Copra is practically the only export, and an

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12 E. g., South-West Africa Protectorate, Proclamation No. 6 of 1917. "The effect of the above-mentioned proclamation is that the customs and excise duties and regulations at present in operation in the Union of South Africa are now operative throughout the Protectorate of South-West Africa." (Board of Trade Journal, May 2, 1918, p. 535.)

13 Interim and Final Reports of Royal Commission on Late German New Guinea, Australian Parlia-

In prescribing the trade relations of the territory for the future, regard must be had to all interests concerned; not only must the direct material benefit of the mandated territory be considered, but one must take into account also the rights of Australia and the Empire.

The purely territory point of view is clearly set out in the letter from the administrator, quoted in ex-
tenso in our chairman’s separate report. Briefly stated, what Gen. Johnston desires is direct communica-
tion with the East and with Europe, so that supplies may be obtained and produce exported without using Australia in either case as an intermediary. The German merchants have made requests to the same effect. If this view is adopted, Australia will be practically cut out, and her trade will be limited to occasional consignments of meat, biscuits, and flour, while the ships which carried those cargoes would return empty. All the business would be done by subsidized vessels with colored crews belonging to Japan and Holland, and perhaps occasional ships, also run on cheap conditions, from England or America.

Your commissioners do not consider that such a state of things would be regarded with complacency by the Australian people. They have already stated the view that Australia did not undertake naval and military functions against Germany for the sake of gain, nor did the prime minister put for-
ward such strenuous efforts at the Peace Conference to secure the mandate over this territory for Aus-
tralia merely for the purpose of obtaining commercial advantages, but it would be intolerable if, after all that has been done and suffered by Australia, its citizens were to be asked to stand by, to accept all the troubles and difficulties attendant on the international obligations regarding the government of the country, to incur heavy financial responsibilities, to risk possible losses, and to see the profits of trade going into alien hands.

The navigation act makes trade between the mandated territory and Australia subject to conditions as to manning of ships, pay, and accommodation of crews, etc., that will preclude foreign competition as between Australia and the mandated territory, but it does not affect the position of ships making Rabaul as a port of call, provided they do not carry passengers and cargo between the territory and Australia.

It is necessary, therefore, to consider what courses are open so as to secure that Australia is not only able to obtain some, at any rate, of the trade advantages that will be derivable from this potentially rich territory, but is also in a position to maintain those intimate trade relations which are desirable in order that the territory may not become an isolated community looking to the outside world both as the market for its goods and its source of supplies, and so drift out of touch with the Australian people.

Your commissioners have considered three courses—complete reservation of all trade to Australia, res-
erving to British (including Australian) ships only, and unrestricted trade. Each of these, if adopted exclusively, will lead to difficulties. They, therefore, invite attention to the suggestion which they be-
lieve offers a fair solution. They advise that a system of differential duties be established, the import and export duties to remain practically as at present subject to the changes recommended in Chapter III in regard to all goods imported from or exported to Australia in Australian-owned ships, but that higher rates, fixed at a prescribed percentage on those existing, be charged when the goods are carried in British ships other than Australian-owned and still higher when goods are carried in foreign-owned vessels.

As the Australian tariff now stands, goods imported from Papua and the mandated territory are sub-
ject to the same duties as goods imported from foreign countries. It is understood that the Government have had under consideration a proposal to remit a portion of the duties on produce of Papuan origin. Your commissioners commend that proposal, and assume that such concessions as are granted to Papuan settlers will be extended to settlers in the mandated territory.
embargo has prevented shipment except to Australia. Foreign vessels are thus effectively prevented from taking on outward cargoes and therefore from competing in either the inward or outward trade, and the extension to the trade between Australia and New Guinea of the Australian navigation laws, part of which has recently become effective, will prevent most non-British ships from carrying freight or passengers between these points.

There is also a subsidy of £40,000 annually paid to Burns, Philip & Co. for carrying the mails to New Guinea, New Hebrides, and Norfolk Islands.

The Australian Government has also made an agreement with the Anglo-Persian Oil Co. (in which the British Government is heavily interested) by which the latter acquires a monopoly of the oil produced in Australia and its dependencies.

The Territory of Western Samoa. — In 1919 New Zealand received a mandate over former German Samoa, and, renaming the group of islands the territory of Western Samoa, placed them under the ministry of external affairs of the Dominion.

After the occupation of Western Samoa by the forces of New Zealand, the existing import duties were maintained and export duties were added in accordance with a decision made by the local German authorities shortly before the outbreak of the war.

By an order in council of April 20, 1920, a radical revision of the import tariff of the Territory was promulgated. Under the new schedule tobaccos are dutiable at specific rates without differentials, and there is a very small free list, including household effects; drugs and chemicals; printed literature, including music; religious and educational goods; and a few other items. All other articles are made dutiable at 15 per cent ad valorem if produced within the British Empire, or at £2½ per cent ad valorem if produced elsewhere. Export duties are levied at the rate of £1 a ton on copra and £2 a ton on cocoa and at equivalent rates on extracts or preparations of these products. Firearms, explosives, and goods produced in Germany or Austria may be imported only as licensed by the minister of customs.

According to the convention of 1899 between the United States, Great Britain, and Germany disposing of the Samoan group, each of these nations was to enjoy equal privileges with respect to commerce and shipping in the ports of the islands. American rights under this treaty were plainly unaffected by the defeat of Germany, and the violation of the treaty by the differential tariff imposed by the administration of New Zealand now forms the subject of diplomatic correspondence.

39 See the minority report of the Royal Commission previously cited, p. 79.
30 Stead's (magazine), Nov. 13, 1920. Further, the property of Germans is being expropriated and apparently none but Australians are being permitted to acquire it.
31 For the conditions and qualifications, see Board of Trade Journal, Sept. 16, 1920, p. 352. Perhaps, technically, the oil of the mandated territory is not included in the monopoly.
32 The rate was previously 12½ per cent.
33 The British Empire includes protectorates, and goods produced in the British Empire include those whose final process of manufacture takes place in the Empire and one-fourth of whose value is contributed by materials produced or labor applied within the Empire. The regulations in these respects are the same as those found in New Zealand.
34 "Goods shall be deemed to have been manufactured or produced in Germany or Austria if as much as 5 per centum of the value thereof as estimated in accordance with the provisions of the customs act, 1913, with respect to goods subject to ad valorem duty, has its source in Germany or Austria." (The Laws of the Territory of Western Samoa. The Samoa Customs Order, 1920, sec. 19, par. 5, p. 66.)
35 See chapter on the Colonial Tariff Policy of the United States, pp. 577 and 615.
North Pacific Islands.—The Japanese administration levies 10 per cent ad valorem on all imports, except that rice, fresh vegetables, sugar, kerosene, and building materials are exempt, and except that the duties on tobacco and liquors are specific. Export duties are levied upon copra and phosphates at the rate of 8 yen per ton.

Nauru.—Nauru is so small in area and population that in the nature of the case it can have no trade except in connection with the activities of the company which exploits its phosphate deposits. The absence of information in regard to its tariff is therefore unimportant, since the concessionary company which formerly worked the deposits has been expropriated by the political and financial cooperation of the Governments of Great Britain, Australia, and New Zealand. These three Governments have agreed—that the agreement is subject to the official approval of the League of Nations—to divide in fixed proportions the annual output, and to sell it at cost in the home markets. This action is defended on the ground that it has to do only with private property and that the resulting monopoly of the resources of Nauru is purely incidental.

TREATMENT OF PRODUCTS OF MANDATED TERRITORIES IN THE MARKETS OF THE MANDATORY POWERS AND ELSEWHERE.

Products of the mandated territories have as yet received no special tariff favors in the territories of the mandatory powers, except that since South-West Africa has been included in the South African Customs Union its products enjoy free entry into that Union.\(^{35a}\)

The differential export duty upon raw hides and skins shipped from India for tanning within the British Empire is applicable also to those destined for territories “in respect to which a mandate of the League of Nations is exercised by the government of any member of His Majesty’s dominions.”\(^{36}\)

The British preferential tariff rates may, in accordance with the law under which they were established, be extended by order in council to products of British mandated territories, but such an order has not been issued. The South-West Africa Protectorate, however, and possibly certain islands in the Pacific, by virtue of their administration as integral portions of the territory of British Dominion, already share the advantages of the British preferential tariff.\(^{37}\) It may be recalled also that the Australian Royal Commission on the Late German New Guinea recommended preferential treatment for products of the mandated territory entering Australia.

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\(^{35a}\) And except that, as reported by L’Afrique Française, December, 1921, p. 436, products of Togo and Kamerun, if imported directly, are subject to the French minimum tariff rates, i.e., these mandated territories are treated as nonassimilated colonies.

\(^{36}\) Commerce Reports, May 19, 1920, p. 1010.

\(^{37}\) See p. 521.
Chapter V.

Colonial Tariff Policy of Great Britain in the Crown Colonies.

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### Colonial Tariff Policies

#### I. Introduction.

The British Empire.

In beginning their colonial activities the British were a full century behind the Portuguese and the Spaniards. Not until the first half of the seventeenth century did the British establish their first settlements—in the West Indies, Virginia, New England, Newfoundland, and Honduras. The first footholds secured by the British East India Co. in India were of the same period; and in the same period, also, British traders established posts in Africa on the Gold Coast and on the Gambia River. In the course of the wars of the eighteenth century and of the Napoleonic period, British soldiers and statesmen added vast and widely scattered territories to the Empire: The eastern provinces of what is now Canada, several of the

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West Indies, British Guiana, Gibraltar, Malta, Cape of Good Hope, Seychelles, Mauritius, Ceylon, and parts of India. But war and diplomacy were not the sole activities of the period: English trappers, traders, and missionaries entered western Canada, Sierra Leone, the Malay Peninsula (Straits Settlements), Australia, Tasmania, and New Zealand. Toward the end of the eighteenth century the British Empire suffered its one great reverse and permanent loss in the revolt of the thirteen American Colonies. At the close of the Napoleonic Wars, Great Britain held eastern Canada, the British West Indies, a portion of South Africa, and certain other points on the African coast, Ceylon, considerable areas on the coast of India, and a few settlements in Australia which might have been of little importance but that in the absence of competition for the possession of this territory it was possible to develop them and they grew into the Dominion of New Zealand and the Commonwealth of Australia.

After the Napoleonic Wars, for a period which extended to approximately 1875, colonies were not popular in Great Britain. There was a general feeling that in the early stages of their development they were expensive and that upon arrival at maturity they might be expected to follow the example of the United States. Nevertheless, through the establishing of penal and other settlements—some of them undertaken in defiance of the Government—Australia, New Zealand, and British Columbia were colonized. In India, British authority was extended over large additional areas, in spite of resolutions both by Parliament and by the directors of the East India Co. In South Africa, likewise, authority was extended over Natal (1843) and Basutoland (1868). Aden was acquired in 1839, Hong-kong in 1841, Lagos in 1861, and the Fiji Islands in 1874. The four last-named small areas constituted the total of new acquisitions, as distinguished from the advancing of boundaries previously established, in the period between 1815 and 1875.

A new era in colonial activity opened shortly after 1877, a period in which the dominant feature was the "scramble for Africa," though Asia was not overlooked. The initial activities of Great-Britain in this period were the lease of Cyprus from Turkey in 1878 and the occupation of Egypt in 1882. Between 1881 and 1900, inclusive, the British established protectorates over, or other titles in relation to, the Anglo-Egyptian Sudan, British Somaliland, British East Africa, Uganda, Zanzibar, Nyasaland, Rhodesia, Bechuanaland, Zululand, Swaziland, the Orange Free State and the Transvaal, and practically the whole of the territories which now constitute Sierra Leone, the Gold Coast, and Nigeria. The boundaries of these possessions had not been wholly determined by 1900, but the African territory brought under British rule may be said to have increased from about 263,000 square miles in 1877 to 3,600,000 square miles in 1900. During the same years, British rule was extended in Asia and Oceania, over parts of New Guinea (Papua) and of Borneo (British North Borneo, Sarawak, and Brunei), and over the States of the

1 Great Britain annexed the Transvaal in 1877 and relinquished it with a reservation of "suzerainty" in 1881. In 1878 the British annexed a large area between the Orange River and Portuguese Angola under the names Damara and Namaqua lands; but much of this was later recognized as German territory.

2 The Transvaal and the Orange Free State were declared annexed in 1900, but the treaty of peace which confirmed this annexation was not signed until May 31, 1902. The acquisitions are here named in a geographical, not a chronological sequence.
MALAY PENINSULA, 3 Weihaiwei, and numerous small groups of Oceania (the Solomon, Friendly, Gilbert, Ellice, and other islands); and the boundaries of Burma and of northwest India were advanced. 4

AREA, POPULATION, AND CLASSIFICATION.

The British Empire had in 1914 an area of 12,800,000 square miles and a population of 440,000,000; its territories were susceptible to classification as in Table 1.

<table>
<thead>
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<th>Table 1.—Area and population of the British Empire, 1 1914.</th>
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<tr>
<td><strong>Area</strong></td>
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1 Figures from the Statesman’s Year-Book, 1915.

The term “Crown colonies” may be used to include all British dependencies except India and the self-governing Dominions. 5 Officially a distinction is made in classification between certain colonies which possess elective assemblies and those which are more autocratically governed; and there are also numerous “Crown places,” e. g., protectorates, which are not strictly speaking colonies at all. India is a colony within the wider meaning of that term, but the expression “the colonies and India” is customary among the British, where it is not forgotten that the sovereign who is merely King in other parts of the Empire is Emperor in India. India is indeed an empire, but as the British Parliament may legislate directly for it and as the secretary of state for India controls the viceroy who in turn controls the legislative and executive councils, the exclusion of India from the jurisdiction of the colonial office has not as yet 6 meant for it a greater degree of self-government than is enjoyed by various Crown colonies.

The area of the British Empire has not been increased 7 as a result of the war, since all the extra-European territories lost by Germany and Turkey have been distributed, not as colonial possessions but as territories administered under mandate from the League of Nations. The status of these areas and their tariffs have been discussed in an appendix to the chapter on the German colonies. (See p. 265.)

Though this chapter on tariff policy in the Crown colonies and India does not deal with territories included in the South African Customs Union, nor with the dependencies of the self-governing

---

3 Treaties had been made with three of these States in 1874, and two of the States were ceded by Siam in 1896.
4 In the 20 years, 1861-1881, the area of British India increased 12,000 square miles; in the years 1881-1901 the increase was 223,000 square miles. (Statesman’s Year-Book, 1902.) Since 1901 there has been a decrease of nearly 5,000 square miles, due to the reestablising of native States.
5 And except the Isle of Man and the Channel Islands. See the Statesman’s Year-Book, 1920, p. xxxvii.
6 But see p. 268.
7 Shortly after Turkey’s entrance into the war, the British Government declared Cyprus annexed and Egypt a British protectorate. These formal changes were indirectly recognized in the peace treaty with Germany.
Dominions,9 nor with such dependencies of India as Bhutan and Nepal, the number of separate tariffs to be dealt with is twice as great as in any other colonial empire and for convenience the colonies have been grouped according to the similarities of their tariffs. In such cases as that presented by the Leeward Islands, where the governmental organization permits the territory to be regarded either as a single colony or as more than one, all divisions which have separate tariffs have been treated as separate colonies. Altogether 57 tariffs are discussed in this chapter, arranged in six groups in addition to India. The list, in geographical sequence, is as follows:

**BRITISH CROWN COLONIES.**

### Europe (2):
- Gibraltar.
- Malta.

### Africa (13):
- Egypt.
- Anglo-Egyptian Sudan.
- Somaliland.
- Kenya and Uganda.
- Zanzibar.
- Nyasaland.
- Gambia.
- Sierra Leone.
- Gold Coast.
- Nigeria.
- St. Helena.
- Seychelles.
- Mauritius.

### Asia (17):
- Cyprus.
- Aden.
- Bahrain Islands.
- India.
- Ceylon.
- Straits Settlements.
- Federated Malay States:
  - Pahang.
  - Perak.
  - Selangor.
  - Negri Sembilan.
- Protected Malay States:
  - Johore.
  - Kedah.
  - Perlis.
  - Kelantan.
  - Trengganu.
- Hongkong.
- Weihaiwei.
- Oceania (8):
  - British North Borneo.
  - Sarawak.
  - Brunei.
  - Gilbert and Ellice Islands.
  - Solomon Islands.
  - New Hebrides.
  - Fiji Islands.
  - Friendly Islands (Tonga).

### America (17):
- Bermuda.
- West Indies proper:
  - Bahamas.
  - Jamaica.
  - Turks and Caicos.
  - Leeward Islands—
    - Antigua.
    - St. Christopher-Nevis.
    - Dominica.
    - Montserrat.
    - Virgin Islands.
  - Windward Islands—
    - St. Lucia.
    - St. Vincent.
    - Grenada.
    - Barbados.
- British Honduras.
- Trinidad and Tobago.
- British Guiana.
- Falkland Islands.

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9 Papua (British New Guinea) and Norfolk Islands are dependencies of Australia, and the Cook Islands, of New Zealand. See chapters on Australia and New Zealand, pp. 805 and 775.

9 Kenya formerly British East Africa.

10 Nyasaland formerly British Central Africa.

11 Gold Coast includes Ashanti and the northern territories.

12 Aden includes Perim, Sokotra, and the Kuria Muria Islands.

13 India includes the Andaman, Laccadive and Nicobar Islands, as well as Sikkim and Burma. Ceylon includes the Maldives Islands.

14 The Straits Settlements include Labuan, Christmas Island, and the Cocos or Keeling Islands.

15 Anglo-French condominium.

185766°—22——19
II. GOVERNMENT AND MAKING OF TARIFFS.

According to their form of government the British colonies may be divided into self-governing Dominions and all other dependencies. The former will be found treated at length in Part II of this report. The latter may be subdivided into five classes: At one extreme are those ruled by a governor, with no legislative council; at the other, those which have an elected assembly and a nominated legislative council. The intermediate types have legislative councils, some wholly appointed, some partly elected; and in the latter type, some have and some have not provision for maintaining an official majority in the council.\textsuperscript{16} Wholly elected assemblies are found in Malta,\textsuperscript{17} Bahamas, Barbados, and Bermuda; partly elected assemblies or councils in British Guiana, Jamaica, the Leeward Islands, Cyprus, Kenya (East Africa), Mauritius, and the Fiji Islands.\textsuperscript{18} It will be noticed that the West Indies figure conspicuously in the list. In a general way the more important the colony and the greater its white population the more likely it is to have representative institutions and to advance from time to time in the direction of responsible self-government. Where there are representative assemblies the assent of these assemblies is necessary to the raising and expenditure of public revenues, but the initiative in proposing expenditure, and ordinarily in proposing taxation, rests with the governor.\textsuperscript{19}

In every case the governor has a veto on all legislation. Where the assembly contains an official majority\textsuperscript{20} the governor can pass any measure upon which he deems it advisable to insist; and, a fortiori, where there is no legislative assembly the governor is the final local legislative authority. The governor is subordinate to the colonial office, and in all the Crown colonies and protectorates except Malta, Bahamas, Barbados, Bermuda, British Honduras, and the Leeward Islands the Crown retains the right of legislating by order in council,\textsuperscript{21} i. e., the British cabinet or even two or three of its members may legislate directly for a colony.

However unrestricted the power of the governor may be in a colony, his acts are subject to approval or reversal by the authorities in London.

In the Crown colonies, principle is determined by Parliament as the interpreter of the spirit of the British constitution; policy by the colonial office subject to the control of Parliament; practice by the governor subject to the control of the colonial office.\textsuperscript{22}

\textsuperscript{16} It is understood that all officials, who are of necessity the administrative assistants of the governor, will vote as he dictates. Where these official members of the council are sufficiently numerous to outvote the elected members and any unofficial appointed members, the governor is said to have an official majority.

\textsuperscript{17} See The Times (London), June 15, 1920. The government of Malta under the new constitution began on May 16, 1921.

\textsuperscript{18} According to an announcement in the House of Commons, July 28, 1922, Ceylon is to have a new constitution under which the unofficial members of the legislature will be in the majority. The Times (London), July 29, 1920.

\textsuperscript{19} This power is not peculiar to the colonial governor; throughout the British Empire the executive controls the finances—even the British House of Commons can not increase the proposed expenditures.

\textsuperscript{20} And in other colonies also to a certain extent. Thus, in Malta the governor can legislate on "reserved" subjects, and in the proposed constitution of Ceylon, the governor may carry measures which he judges to be of "paramount importance" by the votes of the official members regardless of their being in a minority.

\textsuperscript{21} This statement (except as to Malta) appears on page 777 of the Colonial Office List, 1920, and refers specifically to the colonies mentioned in a classification according to form of government. This classification, however, does not include a number of colonies whose relationship to the Empire is peculiar, especially those that are protectorates within the narrower sense of that word. The following colonies are those not specifically included in the statement: India, Egypt, the Sudan, the Malay States, Sarawak, Brunei, North Borneo, Zanzibar, and the New Hebrides.

\textsuperscript{22} Bruce, Sir Charles: The Broad Stone of Empire, 1910, Vol. I, p. XIX.
As applied to tariff policy, throughout the 60 years preceding 1919 this control by the British Parliament and the colonial and India offices meant the maintenance of a free-trade system without preferential duties and with tariffs for revenue only. But a few protective duties were allowed to creep in and even an occasional preferential item, while in other cases customs duties were entirely absent. As the business transacted between the colonial office and the colonial governments is not ordinarily made public it is difficult to state how much initiative is left to the local governors and councils or how frequently they are overruled by the British authorities. An English writer stated in 1906 that "if there is any interference from the colonial office at home it seldom appears on the surface"; and after referring to the situation in India, particularly in regard to the duties on cottons, he continued, "with these possible exceptions there is no clear evidence in recent times of interference by the home government with the arrangement of colonial tariffs; most certainly no attempt of the sort has been made in the House of Commons which would be the ultimate authority in such matters." None the less there is evidence that the colonial office has not only frequently disallowed individual rates of duty proposed by the local government but has also taken the initiative in their imposition. It has tried to restrict to a minimum the use of export duties; but the differential export duty on palm kernels exported from the British West African colonies was imposed by order of the colonial office.

In regard to the making of its tariff, India has not in the past differed strikingly from the Crown colonies; though it has been subject not to the colonial secretary but to the secretary of state for India, advised by the India council in London. On the whole it appears that because of its importance and the existence of a ministry concerned exclusively with India the control exercised over India by the British Government has been more strict than that exercised over the lesser colonies. However, the Indians are now obtaining a greater part in the government of the country. In particular the constitutional changes initiated in 1919, while they maintain the authority of the British Government over the finances and trade of India, grant to the Indian legislative assembly a veto on all financial proposals, tariffs included. The executive branch—as is universal in the British Empire—of the Indian Government retains the sole power of submitting fiscal proposals to the legislature, but doubt has been expressed as to its ability to maintain under the new constitution any real independence of the legislature. Similarly, while the law does not take from the secretary of state for India his veto on Indian fiscal legislation, it is recognized that it will not be feasible for him to exercise this control. The joint parliamentary committee which had the bill under consideration stated that:

* * * nothing is more likely to endanger the good relations between India and Great Britain than a belief that India's fiscal policy is dictated from Whitehall in the interest of the trade of Great Britain. That such a belief exists at the moment, there

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29 An ex-governor of Grenada mentions that a duty of 1s. a ton on coal imported into Grenada was disallowed, but a rate of 6d. a ton was permitted a few years later. In the same way one colonial secretary disallowed and his successor permitted certain export duties from Grenada. (Bruce: Op. cit., Vol. II, pp. 250, 253, 259, 265.)
30 The Times correspondent reports that the second session of the Indian legislature makes it clear that the limitations on the Assembly's control over the purse are in practice ineffective. (The Times, Oct. 28, 1921.)
can be no doubt; that there ought to be no room for it in the future is equally clear. Liberty must be granted to the Government of India to devise those tariff arrangements which seem best fitted to India's needs as an integral portion of the British Empire. The broad conclusion is that the secretary of state for India should as far as possible avoid interference on this subject, when the Government of India and its legislature are in agreement, and his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangement within the Empire to which His Majesty's Government is a party. 25

The forecasts that the bill would deprive the British Government of effective control over Indian fiscal legislation were borne out in March, 1921, when Mr. Montagu, secretary of state for India, made the following statement to a deputation which was protesting against the increase of the Indian customs duties without a corresponding increase of the excise duties (see page 345):

It would be theoretically possible for me to veto the bill, in which these duties are contained when it comes home for sanction. Actually it is, I would submit, absolutely impossible. I can not veto part of a bill; I must veto the whole bill; and I should, therefore, leave the Government of India with absolutely none of their increased revenue to meet their increased charges. Supposing when the budget came home originally for sanction I had refused leave to introduce it, what would have happened? The Government of India would have had to propose to their legislative assembly duties upon cotton, coupled with a corresponding excise. That legislative assembly contains an overwhelming majority of members fresh from the constituencies on whose vote the issue would be decided. I do not hesitate to say that there would not be one single member of that elected majority that would have voted for an excise duty upon cotton goods. 26

Ordinarily the local governor and his advisers take the initiative in changing the customs duties. The proposals normally form part of the annual budget, and therefore in so far as the colony has representative assemblies or councils the proposals come within the particular sphere of these bodies. In any case, even where the governor is the final authority, "this does not imply that where tariff or any other policy is concerned personal or official opinion and predilection are all that count; probably more care is taken in such instances to consult and be guided by people who have direct interests at stake than in others where responsibility is less." 27

As the tariffs are revenue tariffs, usually without protective features, a change or threatened change of the rates does not affect industry and business to the same extent as do changes of equal magnitude in protective duties. For this reason colonial governments feel free to revise the tariffs according to the fiscal needs of the year, and changes are therefore very frequent 28 as compared to the relative stability of the tariff rates in the French, Italian, American, and other colonies.

25 In the House of Lords, Lord Crewe said that as to the relation of the control of Parliament, he was sure that, as in the case of the Dominions before they received complete self-control, Parliament would understand that meticulous interference with details of Indian Government ought to be relaxed, and that it would be relaxed. (The Times (London), Nov. 29, 1919, p. 6.)

26 Lord Sydenham said: "Supreme government of India was made far weaker than before. Control in some very important aspects of policy was taken away, and while powers were vested in the viceroy, he might not be able to use them in the face of hostile legislative assembly." (Ibid., Dec. 13, 1919, p. 19.)

27 Lord Dennis believed that the bill would tie the hands of the secretary of state and prevent the right honorable gentleman placing any check upon a fiscal measure which might impose fetters upon British trade with India. (Ibid.)

28 Mr. E. S. Montagu stated in an earlier debate that he was quite in agreement with fiscal autonomy for India, but it was for the executive branch of the Government to put forward the proposals. Most of the officials in India had been protectionists; he, himself, was a convinced free trader. It was certain that if we had key industries in this country, India would have the same. India should have the opportunity of revising her tariffs in what she considered to be her interests. (Ibid., Dec. 5, 1919, p. 20.)

29 The Times (London), Mar. 26, 1921.


28 These frequent changes make very difficult any attempt to define in detail the rates in force at a given time in the British Crown colonies or to describe the rates in force in a given colony through a given period. Changes in the tariff of India are comparatively infrequent.
The situation is even more complex than in 1885, when it was stated that "in their details the tariffs of the various British colonies exhibit a perfect chaos in which it is vain to seek a unifying principle. This is due to their unsystematic and accidental development and to exceptionally complex and varied economic circumstances."  

III. Tariff Policy and System.

Tariff Policy of Great Britain.

In the years from 1842 to 1860 Great Britain completely abandoned the protective tariff policy which had included preferential tariffs and bounties upon the trade between the Mother Country and the colonies. After 1860 the British derived considerable revenue from customs duties, although until after the outbreak of the World War they consistently avoided any protective duties. Duties were levied for the most part on articles which were not native products of Great Britain—sugar, coffee, tea, cocoa, tobacco, wine, dried fruit, and motor spirit. These articles were selected not only because they were articles of wide and constant consumption but because their taxation could have no protective effect; any protective effect upon the other important dutiable articles was avoided in the case of beer and distilled liquors by an equivalent excise tax and in the case of tobacco by a prohibition of its cultivation in Great Britain. Between 1860 and 1903 the policy of maintaining the tariff strictly for revenue and without even incidental protection and the concomitant policy of maintaining the open door in the Crown colonies were not questioned in such a way as to make them political issues. Since 1903 preferential tariffs within the Empire with more or less incidental protection have been more and more strongly supported. The advocates of such a change obtained their first tangible success in transforming their ideas into legislation only after the World War had been in progress for some time. To what extent these preliminary successes foreshadow a permanent change from the policy pursued through two generations and to what extent a triumph of an imperial preferential tariff policy will involve the adoption of protection in Great Britain can not, of course, be foreseen. But it is evident that unless imperial preference is rejected by public opinion in Great Britain its success must lead to its application in the Crown colonies and to the closing of the open door. And its application is likely to be much more extensive in the Crown colonies than in the United Kingdom, since the comparatively long lists of dutiable articles in the schedules of most of the colonies afford an easy opportunity for an extensive application of the principle, while in Great Britain the principle can be widely applied only after duties shall have been levied on many foodstuffs and raw materials which now are admitted duty free.

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30 In 1914 the schedule had come to be much longer than this list and numerous imitations and related products were dutiable—e. g., chicory, glucose and saccharine, molasses, caramel, confectionery, marmalade, condensed milk, and fruits candied or preserved in syrup. The dutiable fruits were currants, figs, plums, prunes, and raisins. Articles dutiable in connection with spirits were chloroform, ether, ethyl compounds, colloidin, and soap containing spirit. It is evident that duties on sugar and on spirits would give an advantage to foreign manufacturers unless these products containing sugar and spirit were also dutiable in Great Britain.
31 The prohibition was repealed a few years ago. It was originally imposed to give a monopoly to tobacco growers in the American colonies.
The treaties to which Great Britain is a party and which bear upon the tariffs of the Crown colonies and India may be considered under four heads—multilateral treaties; bilateral agreements for the maintenance of the open door in specified areas; general commercial treaties with more or less incidental references to the colonies; and commercial treaties which deal primarily with the tariffs of particular colonies.

**Multilateral Treaties.**

Great Britain is a party to the treaties of 1885 and 1919 by which the powers pledged themselves to the maintenance of the open door in central Africa and to the Brussels treaty of 1890 and its revisions in 1899, 1906, and 1919, prescribing minimum duties to be imposed upon liquors imported into most of Africa. These treaties have been discussed in connection with the Congo (see pp. 85 and 121) and it need only be said here that the former pledge the open door in Kenya (British East Africa), Uganda, Zanzibar, and Nyasaland, while the latter establish a minimum rate of duty to be levied upon alcoholic liquors in the territories already named, and also in the four British West African colonies, the Anglo-Egyptian Sudan, and the South African territories which are not part of the Union of South Africa.

**Open-Door Treaties.**

The maintenance of the open door in Nigeria and the Gold Coast was pledged for a period of 30 years in the Anglo-French treaty of 1898 (see p. 144); and in several arrangements concluded with Germany in 1885, 1886, and 1899 Great Britain pledged the open door in her islands in the western Pacific (see pp. 240, 241). The port of Weihaiwei is by treaty with China an open port and in addition as a British dependency comes within the terms of the note of 1899 by which Great Britain agreed to the proposal put forward by Secretary Hay of the United States, that the powers should pledge themselves to the maintenance of the open door in their spheres of interest in China. Egypt is found as usual to occupy a peculiar position. The series of treaties limiting the rate of the duties leviable in Egypt began before the British obtained recognition of the authoritative character of their "advice" in regard to the government of Egypt, and Great Britain is herself a party to one of this series and must be regarded in construing Egyptian treaties as a foreign country. In so far as the treaties of Egypt make provisions for special favors as exceptions from most-favored-nation treatment, these exceptions relate to the Turkish Empire, the Sudan, and Persia. Neither the protectorate declared by Great Britain in 1914 nor the recognition of this form of annexation in the treaty of Versailles operates as a nullification of the rights guaranteed by Egyptian treaties, so that the network of treaties with the chief commercial countries collectively guarantees the maintenance of the open door in Egypt.12

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12 See also the treaty of 1904 with France, p. 205.
Great Britain has, or had until recently, 33 commercial treaties with most of the countries of the world. Those treaties were made at different periods and reflect the change in policies of the British Empire in regard to navigation, commerce, and colonial autonomy. The treaties vary much in their scope, but usually provide (with or without exceptions and limitations) for most-favored-nation treatment in regard to tariffs and numerous other matters affecting trade. In reference to the inclusion or exclusion of the colonies, the treaties may be grouped chronologically.

The oldest treaties and those made up to about 1880 generally included the whole British Empire. The colonies were bound by the treaties of the Mother Country and this was usually explicitly mentioned in the treaty. Many of the oldest treaties which are nominally in force belong to the exclusive mercantilist period and provide for the reservation of all colonial trade to the Mother Country. Thus the treaty of 1670 with Denmark provides that "the subjects of the King of Denmark shall not come to the British colonies, unless by special license of the King of Great Britain first desired and obtained."^34  The mercantilist period extended into the nineteenth century, and in the treaty of 1815 with the United States the British pledged most-favored-nation treatment only in their European possessions and in the ports of Calcutta, Madras, Bombay, and Prince of Wales Island, from which ports, moreover, exports were permitted in American ships only for transportation direct to the United States. 35  But while these old treaties are still nominally in force, some of these clauses have been superseded by later treaties. In other cases—e.g., the treaty of 1815 with the United States—the much more liberal treatment actually accorded to foreign commerce makes it evident that the severely restrictive provisions of these treaties have had no influence on British colonial trade policies in recent decades.

The latter part of the period which extends to 1880 covers the triumph of the free-trade movement in Great Britain and treaties then made reflect the "liberalism" of that period. In treaties made between 1849 and 1880, most-favored-nation treatment and even national treatment in regard to many matters was pledged by Great Britain and the other contracting powers "throughout the whole extent of their possessions and territories." 36  With the exception, however, of two which were later denounced, 37 even these treaties of the free-trade period did not guarantee the open door in the colonies but only the treatment accorded to the most favored foreign country.

Beginning about 1880 the movement toward colonial autonomy is seen in the gradual adoption of the provision that the terms of the treaties do not apply to the self-governing Dominions or to the

33 The outbreak of the war terminated many treaties and many more were denounced in 1917-1920 to allow a clear field for the new tariffs and new commercial policies.
34 Gt. Brit., foreign office, Handbook of Commercial Treaties, 1912, p. 239; Brit. and For. State Papers, vol. 1, p. 381. Compare the treaty of 1850 with Sweden, which is also given in the handbook (p. 390) as being still in force in 1912.
35 Malloy: Treaties, Conventions, Vol. I, etc., p. 624. This treaty did not apply to the West Indies, Canada, and Newfoundland. American vessels were allowed to touch for refreshment but not for commerce at the Cape of Good Hope and other British possessions in the African and Indian Seas.
37 Treaties of 1862 with Belgium and of 1865 with the German Zollverein, see pp. 435, 445.
Dominions and India, unless they give notice of their adhesion within a limited time. In the nineties this option of becoming a party to the treaty was extended to the Crown colonies generally. A treaty of 1894 with Spain provided that any colony might withdraw upon suitable notice, and the treaty of 1898 with Belgium provided that its terms were not applicable to the colonies except in so far as they individually and within a year signified their intent of becoming parties thereto. Numerous other treaties contain the same stipulation, many of them providing further that the trade of the colonies is none the less to receive most-favored-nation treatment in the country in question as long as the trade of the latter receives such treatment in the colonies. A little later amendments began to be introduced into the older treaties, by which any of the colonies, or in some cases only the Dominions, might withdraw from them upon giving the customary notice. These general commercial treaties have little direct bearing on colonial tariffs. They do not limit the rates which may be imposed in British colonies, nor do they prohibit discriminatory tariffs in favor of Great Britain and other parts of the British Empire. Accordingly it has not been considered necessary to check up the adhesions and withdrawals of the British Crown colonies to and from these treaties. The colonies are very commonly parties to the treaties, but India has ratified fewer of them than have most of the Crown colonies.

**Colonial Tariff Treaties.**

Great Britain has made a few treaties which deal directly with tariff rates of single colonies as distinguished from the open-door agreements previously mentioned, which, for the most part, stipulated nondiscriminatory tariffs without prescribing maximum or other rates. The treaties in force up to the recent widespread movement for the denunciation of commercial treaties, or still in force, are as follows:

In Egypt treaties with various powers indirectly guarantee the open door, and directly limit the import duty to 8 per cent ad valorem and the export duty to 1 per cent, with certain exceptions. In Zanzibar likewise the rates of duty are limited by treaties which antedate the British protectorate. (See p. 305.)

A series of treaties was made in 1901–1907 between Great Britain and France, on behalf of India, Ceylon, the Seychelles, Zanzibar, British East Africa, Uganda, Nyasaland, Jamaica, and Barbados. See treaties of 1883 with Italy, 1884 with Paraguay, 1886 with Greece, 1888 with Mexico, and 1892 with Ecuador. Handbook of Commercial Treaties, pp. 454, 631, 488, and 261, and Brit. and For. State Papers, vol. 79, p. 25 (Mexico, 1888).

38 Handbook of Commercial Treaties, p. 804.

39 Handbook of Commercial Treaties, p. 23. Compare the treaty of 1899 with Uruguay, those of 1905 with Bulgaria, Roumania, and Nicaragua, that of 1907 with Servia, those of 1910 with Honduras and Montenegro, those of 1911 with Bolivia and Japan, and that of 1914 with Portugal.

40 Treaties of 1908 with Liberia and Paraguay; 1912 with Colombia and Denmark; 1913 with Costa Rica.

41 By treaties previously in force rates were reduced or prescribed in British East Africa, the part of the Gold Coast lying east of the River Volta, the British West Indies, and British Guiana. See p. 401 for the treaty of Great Britain, Italy, and Germany relative to East Africa; footnote 80 on p. 258 for the treaty between Great Britain and Germany relative to Togo and the Gold Coast; and p. 133 of the United States Tariff Commission's report on Reciprocity and Commercial Treaties, for the reciprocity agreements of 1902–1894, between the United States and the British West Indies and British Guiana. The overland trade between Burma and China was subject to special tariff arrangements embodied in the treaty of March 1, 1894. By this treaty for six years Burma was to collect no import or export duties upon overland trade with China except an import duty on salt, while China made reductions from the regular rates of the maritime customs to the extent of 20 per cent upon imports and 40 per cent upon exports.

These colonies obtained admission to France under the minimum tariff rates either for their products generally or for the "colonial products" specified in Table E of the French tariff of 1892, and in return some, but not all, of the colonies granted specified reductions in their tariffs. India reduced the rate on vinegar in casks and on copperas by one-half; Zanzibar reduced by one-fifth the valuation upon French brandy and liquors; and the Seychelles reduced the rate on wine and on haberdashery. These reductions were generalized so that there was no discrimination in favor of French products. These treaties were among those denounced by France in 1918.

The treaty of 1824 with the Netherlands limits the amount of any differential duties which may be levied in India, Ceylon, and the Eastern Archipelago. Article 2 of this treaty reads as follows:

The subjects and vessels of one nation shall not pay, upon importation or exportation, at the ports of the other in the eastern seas any duty at a rate beyond the double of that which the subjects and vessels of the nation to which the port belongs are charged.

The duties paid on exports or imports at a British port on the continent of India, or in Ceylon, on Dutch bottoms shall be arranged so as, in no case, to be charged at more than double the amount of the duties paid by British subjects and on British bottoms.

In regard to any article upon which no duty is imposed, when imported or exported by the subjects, or on the vessels, of the nation to which the port belongs, the duty charged upon the subjects or vessels of the other shall in no case exceed 6 per cent.

SUMMARY.

From the early sixties to 1898 Great Britain was pledged by two treaties to levy in her colonies no higher duties upon foreign than upon British goods. Since 1898 Great Britain has been bound by no such general obligation, but has been bound by various specific agreements and is committed to the policy of maintaining the open door in different parts of the world. Agreements with Germany, now abrogated or subject to abrogation, pledge the open door in the islands of the western Pacific. Until 1928 the open door is to be maintained in Nigeria and the Gold Coast, and for an unlimited time the open door is pledged for the East African colonies, including Nyasaland, and for Egypt and Weihaiwei.

The rates of colonial tariffs on particular articles have been the subject of a few treaties, and these treaties have for the most part lapsed. The most important exception is found in the series of treaties fixing a maximum rate upon alcoholic liquors imported into most of the continent of Africa. With the exception of alcoholic liquors and of arms and ammunition the maximum rate of the import duty is limited to 10 per cent ad valorem in Kenya, Zanzibar, and Nyasaland, and to 8 per cent in Egypt.

From the time of Great Britain's adoption of free trade to her denunciation of her treaties with Belgium and the German Zollverein in 1898, Great Britain freely entered into treaties and agreements for the maintenance of the open door, and was a party to practically

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45 While the various treaties of the powers with Egypt, as well as the Franco-British agreement of 1904, restricted the Egyptian tariff rate only for limited periods of time, the general body of Egyptian treaties containing the capitulations and most-favored-nation clauses are not limited in this way, and it is clear that the other powers can maintain, for an indefinite period, the open door in Egypt if they stand on their treaty rights.
46 But when and if the revision made in 1919 of the Berlin act of 1885 comes into force this limitation to 10 per cent will be removed. In Egypt a duty on alcoholic liquors is limited to 10 per cent, and of arms and ammunition to 8 per cent.
every one of the treaties of this nature made during this period.\textsuperscript{47} Since 1900 the world has seen few open-door agreements and Great Britain has become a party to no agreement which limits her freedom of action in her own colonies.\textsuperscript{48}

In addition to the open-door treaties mentioned above one other treaty might somewhat hamper the British Government in the introduction of differential tariffs in British India and Ceylon—the treaty of a century ago limiting the amount of the preference which might be granted to the subjects and vessels of the Mother Country in the tariffs of those colonies.

**TARIFF POLICY IN THE CROWN COLONIES.**

As the tariff policies pursued in the Crown colonies and in India have been subject to the control of the British Government, their origin and character may be indicated in the general statement that they reflect the policy of the Mother Country; that is, for about sixty years the colonies had tariffs for revenue only and without discriminatory features. Such discriminatory rates as have thus far been adopted have for the most part been introduced at the time when the special war-time restrictions were being abandoned. In its practical application, however, a tariff for revenue only is a very different thing in the Crown colonies from what it is in Great Britain. And diverse as are these colonies in area, climate, population, and economic development, they are alike in those features of their economic life which bear most directly on general tariff policy. With scarcely an exception other than India, they are practically without manufacturing industries. They export a few staple products and import wide varieties of consumption goods. It is therefore not necessary to pick and choose dutiable articles in order to avoid the building up of protected industries \textsuperscript{49} and since so large a part of the goods consumed by all classes is imported "it has come to be recognized that the burden of taxation can most fairly be distributed" by a wide incidence of customs duties.\textsuperscript{50}

The colonies with the exception of the free ports generally rely to a considerable extent upon customs as a source of revenue.\textsuperscript{51} In a number of them more than one-half of the total revenue is regularly derived from this source (e. g., Malta, the Gold Coast, and the Bahamas). Even the simple tariff systems of the colonies in group 2 yield about one-third of the revenues expended by their governments. In general the colonial office has been opposed to export duties, but it has permitted their use in the more undeveloped colonies and in some cases even in the better developed colonies, particularly where

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\textsuperscript{47} The only exception is the Franco-Portuguese-Congo State convention of 1891, which was subsidiary to the general act of Berlin and the additions declaration of 1890. (See p. 82.)

\textsuperscript{48} The agreement between France, Italy, and Great Britain for equality of treatment of transit trade upon any railway to be built across the Somali Coast into Abyssinia may be put down as an exception. A treaty of 1894 with France provided for the maintenance for 30 years of the open door in Egypt. But this imposed no new limitations upon British action in that protectorate. Likewise no new limitations were imposed by the Franco-British treaty of 1895 relative to the New Hebrides.

\textsuperscript{49} "With the exception of duties on spirits and tobacco counter-valued by duties of excise there are no customs duties which it is to the interest of any class of a community to maintain." (Bruce: Op. cit., Vol. II, pp. 300, 301.)

\textsuperscript{50} Ibid.

\textsuperscript{51} India and Egypt are among the colonies which derive a relatively small part of their revenue from customs, namely, about 12 per cent. India adopted a revenue tariff only in 1894 and the rates remain low. Egypt's tariff rates are limited by treaty, on imports to 5 per cent and on exports to 1 per cent.
the proceeds were to be used in aid of agriculture,\textsuperscript{52} directly or indirectly, including the stimulating of immigration. The fiscal needs caused by the war have compelled a wider use of export duties.

**TARIFF SYSTEMS OF THE CROWN COLONIES.**

The tariffs of the Crown colonies differ in the length of their schedules and the height of the rates and in the use of specific and ad valorem rates. The differences are of some importance, but of no such importance as the same differences would be in the case of tariffs framed to protect local industries or of tariffs discriminating against foreign countries in favor of the Mother Country or of tariffs so high as seriously to curtail consumption. The differences are due partly to the need for revenue which varies from colony to colony and from year to year. Other considerations are of greater importance in some cases. In the free ports the interests of commerce are the controlling factor, and customs duties are reduced to a minimum. In most of the colonies the desire to facilitate the development of the country leads to the exemption from duty of agricultural and other machinery and of many other necessities, such as railroad, telegraph, school, and church supplies. Again, the desire to restrict the use of alcohol and of opium leads to imposing high duties if not prohibitions upon the importation of these articles.

For purposes of detailed consideration, the Crown colonies are divided in this study into six groups differentiated according to the extent of their tariff schedules, the use of ad valorem or specific rates, and the presence or absence of export duties; and India is treated separately. The differential duties, chiefly of recent introduction, are given extended consideration in a separate section following that on India. (See pp. 336–370.)

**IV. TARIFFS OF THE CROWN COLONIES—GENERAL DESCRIPTION BY GROUPS.**

In this section IV, the Crown colonies are dealt with in groups. In regard to each group is given, first, general information as to the situation, area, population, and trade, and, secondly, a general description of the tariff rates in force, with further details in individual cases regarding treaty restrictions and exceptions. Any preferential tariff arrangements are merely referred to, leaving them to be fully discussed in section VI.

**GROUP 1.—FREE PORTS, WHICH LEVY NO DUTIES EXCEPT ON LIQUORS AND TOBACCO—GIBRALTAR, ADEN, HONGKONG, WEIHAIWEI, STRAITS SETTLEMENTS.**

**SITUATION, AREA, POPULATION, AND TRADE.**

The simplest tariffs in the British Empire are those of the free ports.\textsuperscript{53} These free ports are located at strategic points on the great commercial routes, though this is not so clearly true of Weihaiwei,

\textsuperscript{52} In British Guiana export duties were allowed under this head when they were imposed to bring in revenue to take the place of that sacrificed in effecting arrangements whereby the local agricultural exports entered the American market free from the penalty duties of the McKinley tariff. See the Tariff Commission's report on Reciprocity and Commercial Treaties, pp. 152, 159.

\textsuperscript{53} Certain islands, such as Ascension and Tristan da Cunha, so unimportant as to be left without a government, of course, have no tariffs.
the latest addition to the group. None of these ports has any important area attached to it politically, though Gibraltar is the only one entirely without adjacent territory under British control. Aden, with its dependencies, is credited with the largest area, but it is mostly desert; the real hinterland for the ports of the Straits Settlements is found in the Federated and the Protected Malay States. The Straits Settlements produce rubber, rice, and tapioca and contain the world's largest tin smelters; Hongkong refines sugar, builds ships, and manufactures tobacco; Aden makes cigarettes and salt; otherwise the importance of these free ports is found almost exclusively in their convenience as transshipping centers. Tables 2 and 3 show their area and population, the relative importance of their trade, and the prominent position which they occupy among the shipping centers of the British Empire.

Table 2.—Area, population, and trade of the free ports.

<table>
<thead>
<tr>
<th>Free ports</th>
<th>Area (square miles)</th>
<th>Population</th>
<th>Total trade (thousands of pounds sterling)</th>
<th>Latest year available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1913</td>
<td>1918</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>153,540</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1919</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1918-19.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19,645</td>
</tr>
</tbody>
</table>

1 No figures available. No official record was kept of the trade of Hongkong until 1918. Supplement to Commerce Reports, No. 52, Oct. 31, 1919, p. 13.
2 Including imports from Chinese ports to the south of Swatow estimated at £27,000,000, imports on account of the colonial government or the British army or navy, bullion and specie imported during the first half of the year, and imports by mail and certain other items.
3 Including Perim and Socotra.

Table 3.—Shipping entered at the free ports in 1913, compared to that of the other important British colonial ports.  

[In millions of tons.]

<table>
<thead>
<tr>
<th>Free ports</th>
<th>Tonnage</th>
<th>Other important British colonial ports</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Straits Settlements:</td>
<td>8.6</td>
<td>Colombo (Ceylon)</td>
<td>7.7</td>
</tr>
<tr>
<td>Singapore</td>
<td>4.4</td>
<td>Valetta (Malta)</td>
<td>5.5</td>
</tr>
<tr>
<td>Penang</td>
<td>11.5</td>
<td>Alexandria</td>
<td>3.8</td>
</tr>
<tr>
<td>Weihaiwei</td>
<td>6.3</td>
<td>Durban</td>
<td>2.7</td>
</tr>
<tr>
<td>Gibraltar</td>
<td>3.9</td>
<td>Cape Town</td>
<td>2.5</td>
</tr>
<tr>
<td>Aden</td>
<td>1.2</td>
<td>Bombay</td>
<td>2.2</td>
</tr>
<tr>
<td>Hongkong</td>
<td>6.7</td>
<td>Victoria</td>
<td>2.1</td>
</tr>
<tr>
<td>Weihaiwei b</td>
<td>1.0</td>
<td>Montreal</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>35.3</td>
<td>Total</td>
<td>28.5</td>
</tr>
</tbody>
</table>

b Statesman's Year-Book, 1915.
c The port of Weihaiwei, on the north coast of the Province of Shantung, China, was leased in 1898.
d Christmas Island, attached to the Straits Settlements, exports phosphates.
The duties levied in the free ports are confined to liquors and tobacco. In Hongkong wines and spirits have been dutiable only since 1911 and tobacco only since July, 1916. The rates in all these ports are specific. The classifications are fairly simple and not more than a score of rates appear in any tariff schedule. Even in Hongkong, where the brands of tobacco are listed by name, there are only five different rates for each of the classifications—cigars, cigarettes, and smoking mixtures. The rates, except the highest, were more than doubled in April 1921.

In the Straits Settlements the importation of liquor is controlled by the department of monopolies. Prohibitions or severe restrictions are generally in force upon the importation of opium and other drugs, and during the war there were of course numerous other restrictions. For instance, from May, 1917, to December, 1918, motor cars other than trucks were allowed to enter the Straits Settlements only as licensed by the governor.

GROUP 2.—COLONIES WHICH IMPOSE DUTIES ON LIQUOR AND TOBACCO, A FEW OTHER IMPORT DUTIES, AND EXPORT DUTIES—MALAY STATES AND SARAWAK, ST. HELENA, FALKLAND ISLANDS, AND GILBERT AND ELILCE ISLANDS.

SITUATION, AREA, POPULATION, AND TRADE.

Nearly as simple as the tariffs of the free ports are those of the Malay States and Sarawak, St. Helena, the Falkland Islands, and the Gilbert and Ellice Islands, the chief difference being that the latter contain specific export duties. The majority of the "States" of this group are on the Malay Peninsula, the 1,000-mile projection which extends southward from Burma and Siam almost to the Equator. On this peninsula, in addition to the Straits Settlements, are found the Federated Malay States (Pahang, Perak, Selangor, and the confederation of Negri Sembilan) and five other native States (Kedak, Perlis, Kelantan, Trengganu, and Johore), which are often designated collectively as the Protected Malay States. Sarawak, on the Island of Borneo, is also a protectorate, as were the groups known as the Gilbert and the Ellice Islands until 1915, when they were annexed and united into a colony. These groups lie between Hawaii and Australia, somewhat nearer the latter. They export phosphates and copra. St. Helena lies 1,200 miles west of Portuguese West Africa; and the Falkland Islands, about 400 miles east of Patagonia. The Falklands and their dependencies, South Georgia and the South Shetlands, are the center of the world's chief whaling grounds. Sarawak has mineral resources of which gold and oil are somewhat developed; rubber, however, is its leading export, and pepper, sago flour, cutch and gutta joolatong may be mentioned. The Malay States have long produced half of the world's tin and in the last decade have rapidly developed to supply one-half of the

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56 An exception is an export duty of 1s. 6d. per ton on fuel oil exported from Gibraltar. (Commerce Reports, May 12, 1920, and Oct. 31, 1921.) Tobacco has been dutiable in Gibraltar since Apr. 1, 1898; the rate was increased in 1916, 1918, and 1921, but the maximum is only 6d. per pound on cigars and cigarettes. 56a After Dec. 31, 1921, automobiles driven from the left side will not be registered. (B. T. J., Oct. 13, 1921.)
world's rubber. Both rubber and tin are consumed largely in the United States, and these items account for most of the demand which led the United States to purchase $125,000,000 worth of materials from the Federated Malay States in a single year. The rapid growth of this trade is seen in Table 4.

Table 4.—Imports of the Federated Malay States from and exports to the United States.¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from the United States</th>
<th>Exports to the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906-1910²</td>
<td>401</td>
<td>3,314</td>
</tr>
<tr>
<td>1916</td>
<td>1,917</td>
<td>15,687</td>
</tr>
<tr>
<td>1918</td>
<td>2,007</td>
<td>23,289</td>
</tr>
</tbody>
</table>

² Average.

Tables 5 and 6 show the area and population of the colonies included in Group 2.

Table 5.—Area and population of the colonies in Group 2.

<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Population</th>
<th>Population per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>White</td>
<td></td>
</tr>
<tr>
<td>Federated Malay States</td>
<td>27,506</td>
<td>2,007</td>
<td>74</td>
</tr>
<tr>
<td>Protected Malay States</td>
<td>28,496</td>
<td>3,008</td>
<td>109</td>
</tr>
<tr>
<td>Sarawak</td>
<td>142,000</td>
<td>8,607</td>
<td>60</td>
</tr>
<tr>
<td>Falkland Islands</td>
<td>7,500</td>
<td>3,249</td>
<td>43</td>
</tr>
<tr>
<td>St. Helena</td>
<td>47</td>
<td>3,190</td>
<td>70</td>
</tr>
<tr>
<td>Gilbert and Ellice Islands</td>
<td>108</td>
<td>2,300</td>
<td>39</td>
</tr>
<tr>
<td>Total</td>
<td>103,747</td>
<td>2,605,000</td>
<td>25.1</td>
</tr>
</tbody>
</table>

1 The Statesman’s Year-Book gives the figure 42,000; the Colonial Office List, “about 50,000.”
2 Including Union, Fanning, and Washington; included in the colony by the Statesman’s Year-Book.

Table 6.—Total imports and exports of the colonies in Group 2, 1913 and 1918.

<table>
<thead>
<tr>
<th>Colony</th>
<th>1913</th>
<th>1918 or 1915-19</th>
<th>1913</th>
<th>1918 or 1915-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federated Malay States</td>
<td>10,031</td>
<td>8,792</td>
<td>17,345</td>
<td>20,922</td>
</tr>
<tr>
<td>Protected Malay States</td>
<td>4,675</td>
<td>2,075</td>
<td>6,968</td>
<td>6,873</td>
</tr>
<tr>
<td>Falkland Islands</td>
<td>213</td>
<td>1,156</td>
<td>1,391</td>
<td>2,051</td>
</tr>
<tr>
<td>Sarawak</td>
<td>661</td>
<td>894</td>
<td>500</td>
<td>1,414</td>
</tr>
<tr>
<td>Gilbert and Ellice Islands</td>
<td>104</td>
<td>93</td>
<td>331</td>
<td>146</td>
</tr>
<tr>
<td>St. Helena</td>
<td>43</td>
<td>49</td>
<td>8</td>
<td>64</td>
</tr>
<tr>
<td>Total</td>
<td>11,807</td>
<td>13,095</td>
<td>23,213</td>
<td>25,281</td>
</tr>
</tbody>
</table>

² Incomplete. Kelantan and Trengganu only. In 1920 the imports of the Federated Malay States were £33,683,000. (B. T. J., Sept. 15, 1921.)

The world’s production in 1919 has been estimated at 327,000 tons. (Commerce Reports, July 10, 1920, pp. 205, 206.)
Specific import duties and export duties.—The tariffs of these protectorates and colonies include specific import duties on from a dozen to 20 classifications of liquors and tobacco, and not more than 4 other items, of which kerosene is usually one; also, export duties, largely specific, on all or most of the exports of any importance. The number of items in the schedules of export duties varies, from 2 in St. Helena and 3 in the Falkland Islands to about 45 in the Federated Malay States, according to the variety of products exported. In St. Helena the two export duties are on flax fiber and tow, which constitute 80 to 90 per cent of the exports. In the Falkland Islands the products of the whale fisheries constitute more than 80 per cent of the exports, and export duties are levied on whale oil, seal oil, and guano.

From the point of view of revenue, much the most important of the duties in this group is the export duty on tin and tin ore from the Federated Malay States. In 1918 it yielded £1,533,000 or nearly one-fifth of the total revenue of these States and more than two-thirds of the total customs revenue. The export duty on rubber yielded £263,000; the import duties on liquor and tobacco, £305,000. The minor items on the import and export schedules produced less than 4 per cent of the customs revenue. In 1918 the customs revenue of the Federated Malay States was 6.3 per cent of the total trade; in Johore the percentage was 4.15.

Exceptions and details.—The four Federated Malay States have identical tariff schedules, except that Pahang has distinct import rates upon tobacco and snuff and some distinct export duties. As special war taxes, these States imposed import duties on mineral oils other than kerosene, on matches, and a rate of 10 per cent ad valorem on motorcycles, cycle cars, and bicycles, and their parts, including tires. A duty on matches is to be maintained as a protective duty for the product of a factory recently established at Kuala Lumpur. Many of their export duties are ad valorem, and if these be taken as typical, it may be stated as a generalization that the rates on mineral and jungle produce are 10 per cent ad valorem and those on agricultural produce are 2½ and 3 per cent.

Among the protected States, Kedah levies import duties on animals and salt; Perlis, on coconut oil; Trengganu, on thread (3 per cent) and piece goods; and Kelantan 25 per cent ad valorem on manufactured tobacco and 3 per cent on everything not covered by the nineteen items on the free list.

St. Helena has a list of 25 wharfage duties, levied on casks, boxes according to size, bulk articles by the ton, and animals by the head. These duties bring in some revenue, but the figures, separate from other customs receipts, are not available.

The various islands comprehended under the name Gilbert and Ellice Islands, situated between Australia and Hawaii, may be placed in this group, though they have no export duties. These

89 Port Stanley in the Falkland Islands is a "free port." (Commerce Reports, July 16, 1920.)
90 Sheep farming is practically the only industry of the Falkland Islands, other than whaling. The export duties on wool and on other sheep and cattle products were dropped when the present schedule was adopted on Oct. 1, 1919.
91 Report for 1918 on the Federated Malay States, Cmd. 469.
92 Between May 1917 and December 1918, the importation of motor cars and accessories into the Federated Malay States was prohibited, except under Government license.
islands have import duties on explosives and oils, and on clothing or materials for clothing, on perfumery, and on jewelry 12½, 15, and 20 per cent, respectively. Brunei recently extended its free list, but imposed a rate of 100 per cent on dyestuffs.

**Preferential rates.**—The export duties on tin ore from the Federated Malay States include an important differential duty which is discussed on page 337. It is a prohibitive duty on all tin ore exported without satisfactory guarantees that it will be smelted in the Straits Settlements, Australia, or the United Kingdom.

In the Falkland Islands bottled wines are dutiable at 4 shillings 6 pence per dozen of "reputed quarts." British wines, however, are dutiable at only 3 shillings per dozen. In the Gilbert and Ellice Islands, British wines are not explicitly mentioned, but a special classification seems intended to favor certain Australian, New Zealand, and South African wines. The extent to which these classifications constitute a real preference will be discussed later. (See p. 358.) In the Falkland Islands the exemptions include "tobacco forming an ingredient in sheep wash or hop powder manufactured in bond in the United Kingdom."

**GROUP 3.—C OLONIES WHICH IMPOSE A UNIFORM AD VALOREM IMPORT DUTY, WITH TREATY RESTRICTIONS IN SOME CASES, AND VARIOUS EXPORT DUTIES—EGYPT, SUDAN, SOMALILAND, KENYA AND UGANDA, ZANZIBAR, NYASALAND, AND BAHRIEIN ISLANDS.**

The tariffs of the British possessions in East Africa have a great similarity, particularly as to import schedules. This similarity is explained by historical causes—see the treaty obligations mentioned below—rather than by any great similarity of their economic conditions or of their political status. The political status of these territories is indeed very dissimilar. Kenya, Nyasaland, and Somaliland are colonies, Zanzibar and the Bahrein Islands are protectorates, and Egypt and the Sudan are *sui generis*. The status of Egypt can not be discussed here; for even since the announcement of the British protectorate in December, 1914, and the termination of the payment of tribute to Turkey, the position of Egypt remains anomalous in respect to the treaty rights of other powers.

The Anglo-Egyptian Sudan is under the condominium of Great Britain and Egypt, according to the Anglo-Egyptian treaty of January 19, 1899, but the final authority rests in the governor general, who may make, alter, or abrogate laws, orders, and regulations. (Art. IV of the treaty.)

---

63 Before 1910 the only duties in these islands were on alcoholic beverages and perfumes, therefore their tariff then belonged in the class of group 1. Kerosene and tobacco were added in 1910, and the other articles mentioned in 1916.
65 From July 23, 1920, the Protectorate of British East Africa was annexed as Kenya Colony, with the exception of the "Seyside," a strip 10 miles wide along the coast, which is designated Kenya Protectorate. This strip has been held in lease from the Sultan of Zanzibar since 1890. The new name is taken from Mount Kenya, a glacier-clad peak attaining 17,000 feet above sea level and second only to Kilimanjaro among African mountains. The Times (London), July 8, 9, and 29, 1920.
66 Kenya and Uganda, though otherwise distinct colonies, form a single customs unit.
67 See the introductory chapter, p. 5.
68 For instance, under the capitulations foreigners of 11 nationalities escape taxation. As there are large numbers of foreigners and they hold a not insignificant fraction of the real and personal property of the country it is not considered feasible to impose taxes which would make an obvious discrimination in their favor against the natives. In 1917 foreigners held 713,000 feddans; natives 4,773,000. (Feddan = 1.038 acres.) Another anomaly is that the official organ of the Government is still published in French.
The African colonies in Group 3 extend more than 3,000 miles from north to south. Most of Egypt is in the north temperate zone; the Sudan, Uganda, and Nyasaland stretch across the tropics to 17° south. Somaliland is also tropical, lying between 8° and 11° north. The natives of Nyasaland are Bantus (Negroes), but in Uganda, Kenya, the Sudan, and Somaliland there are strong admixtures and many tribes of other races—Masais, Swahilis, Somalis, Gallas, Arabs, etc. In Zanzibar, it has been said, Africa, Arabia, Persia, and India meet. A large part of the trade of East Africa is in the hands of East Indians, of whom there are about 10,000 in Zanzibar, 17,000 in Kenya, 3,500 in Uganda and 500 in Nyasaland.

With the exception of Egypt, which receives special attention below, the development and exploitation of these territories has only begun. Most of the tropical colonies in this group contain elevated plateaus suitable for the settlement of whites, notably the central part of Kenya, and the Nyasaland Highlands which form the greater part of that colony. Uganda is a country for "planters" rather than for "settlers."

These colonies may have important mineral resources, but the only ones which have been developed even to a small extent are the carbonate of soda and mica of Kenya and the gold of the Sudan. The natives of Uganda work the hematite iron ore which is widely distributed in that colony. The Bahrein Islands are the center of the world's largest pearl fisheries. With these relatively small exceptions the colonies depend exclusively upon agricultural and pastoral pursuits. Zanzibar produces three-fourths of the world's cloves and some copra. Somaliland produces hides, gums and resins, and salt. The plantations of Kenya, Uganda, and Nyasaland yield numerous tropical and semitropical products—coffee, rubber, cotton, sisal hemp, and copra. The natives of Uganda have begun to cultivate cotton, and it is estimated that there is more land suitable for cotton in that colony than in Egypt. "American upland" is the only variety grown; the quality is reported to be "a little below that of Egyptian and a good deal higher than any other African or Indian staple."

Maize, wheat, and other products of temperate climates are grown in East Africa, and black wattle is becoming of importance.

The Nyasaland planters have largely abandoned coffee, and concentrated their efforts on tobacco, cotton, and tea. The Sudan is one of the chief sources for gum arabic and ivory. It exports also dura, sesame, and cotton. The British Government has guaranteed the interest on £6,000,000 to be invested in irrigation works to promote the growing of cotton; but the war delayed the execution of the plan. Throughout the whole region, where the tsetse fly does not prevent, the natives raise cattle, sheep, and goats, and in some districts Europeans also are engaged in stock raising.

With the exception of the oil-seed crushing and cigarette-making industries of Egypt none of the colonies of this group has any manufacturing industry. Accordingly, all the manufactured goods used
by the European population and a considerable part of the foodstuffs are imported; the demand on the part of the natives increases the market particularly for cotton piece goods, salt, sugar, kerosene, matches, and hardware. The relative importance of the colonies in Group 3 is suggested by the figures in Tables 7 and 8.

Table 7.—Area and population of the colonies in Group 3.

<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Population</th>
<th>Population per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
<td>European</td>
</tr>
<tr>
<td>Egypt, total</td>
<td>1,350,000</td>
<td>12,750,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Sudan</td>
<td>1,014,000</td>
<td>43,400,000</td>
<td>(7)</td>
</tr>
<tr>
<td>Kenya</td>
<td>206,000</td>
<td>2,796,000</td>
<td>337</td>
</tr>
<tr>
<td>Uganda</td>
<td>160,000</td>
<td>3,961,000</td>
<td>380</td>
</tr>
<tr>
<td>Zanzibar</td>
<td>1,020</td>
<td>1,075,000</td>
<td>200</td>
</tr>
<tr>
<td>Nyasaland</td>
<td>37,573</td>
<td>1,027,000</td>
<td>29</td>
</tr>
<tr>
<td>Somaliland</td>
<td>68,000</td>
<td>300,000</td>
<td>(7)</td>
</tr>
<tr>
<td>Bahrein Islands</td>
<td>10,290</td>
<td>105,000</td>
<td>(7)</td>
</tr>
<tr>
<td>Total</td>
<td>1,789,912</td>
<td>23,935,000</td>
<td>150,000</td>
</tr>
</tbody>
</table>

1 According to L'Afrique Française (July, 1920, supplement, p. 132, quoting Idea Nationale, May 15, 1920), Great Britain has agreed to cede to Italy the territory west of 25° E., apparently between 100,000 and 150,000 square miles.
2 Census of 1917.
3 The foreign population by the census of 1907 was 151,000, including 1,000 Persians and 5,000 of other nationalities not separately mentioned in the Statesman's Year-Book.
4 Estimated, 1917.
5 The area of Kenya is given as 246,822 square miles, but about 35,500 of this has recently been ceded to Italy to carry out the treaty of London. The population of this territory in 1917 was 11,000, including 25 Europeans. (L'Afrique Française, July, 1920, supplement, p. 133.)
6 Including 16,377 square miles of water.
7 1918.
8 1916.
9 Estimated.
10 The main island is 27 miles long and 10 miles broad. There are also several insignificant islets.

Table 8.—Imports and exports of the colonies in Group 3, 1913 and 1918.

<table>
<thead>
<tr>
<th>Colony</th>
<th>1913</th>
<th>1918 or 1918-19.</th>
<th>1913</th>
<th>1918 or 1918-19.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt, 1918</td>
<td>38,637</td>
<td>53,060</td>
<td>44,508</td>
<td>46,510</td>
</tr>
<tr>
<td>Sudan, 1918</td>
<td>2,198</td>
<td>4,124</td>
<td>1,488</td>
<td>4,022</td>
</tr>
<tr>
<td>East Africa, 1918-19</td>
<td>12,024</td>
<td>3,398</td>
<td>11,483</td>
<td>1,274</td>
</tr>
<tr>
<td>Uganda, 1918-19</td>
<td>11,253</td>
<td>2,366</td>
<td>1,049</td>
<td>2,134</td>
</tr>
<tr>
<td>Zanzibar, 1918</td>
<td>1,249</td>
<td>222</td>
<td>1,253</td>
<td>248</td>
</tr>
<tr>
<td>Nyasaland, 1918-19</td>
<td>1,187</td>
<td>1,350</td>
<td>1,740</td>
<td>1,318</td>
</tr>
<tr>
<td>Somaliland, 1918-19</td>
<td>1,078</td>
<td>1,350</td>
<td>1,740</td>
<td>1,318</td>
</tr>
<tr>
<td>Total</td>
<td>47,443</td>
<td>65,188</td>
<td>51,366</td>
<td>57,335</td>
</tr>
</tbody>
</table>

1 Fiscal year ended Mar. 31, 1914.
2 Excluding bullion and specie.

Egypt deserves more extended consideration because of its importance both as a market for manufactured goods and as a supplier of raw materials. It is a relatively well developed country supporting a very dense population. And while the rate of growth of its trade is less than that of many colonies whose development has only begun, the volume of its trade is so great that the annual increase
in absolute figures is greater than the total trade of many of the minor colonies. In the importance of its trade, Egypt ranks rather with the Dominions than with the Crown colonies, for its total is larger than that of New Zealand and roughly equal to that of South Africa. The recent growth of Egyptian trade is shown in Table 9.

### Table 9.—Trade of Egypt in selected years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Merchandise</th>
<th>Specie</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Imports</td>
<td>Exports</td>
</tr>
<tr>
<td>1910</td>
<td>23,553</td>
<td>28,944</td>
</tr>
<tr>
<td>1913</td>
<td>27,895</td>
<td>31,662</td>
</tr>
<tr>
<td>1918</td>
<td>30,887</td>
<td>37,492</td>
</tr>
<tr>
<td>1919</td>
<td>37,310</td>
<td>45,270</td>
</tr>
<tr>
<td>1920</td>
<td>47,410</td>
<td>75,888</td>
</tr>
<tr>
<td></td>
<td>101,881</td>
<td>85,497</td>
</tr>
</tbody>
</table>

1 £E. = £4.9431.
2 Excluding reexports and transit trade. In 1918 the reexports were £E. 1,379,000 and the transit trade £E. 14,312,000.
3 Excluding from the published figure (£E. 51,155,000) the item of bunker coal (£E. 13,845,000), which was included in the total only in 1918.
4 Commerce Reports, Apr. 28, 1920.
5 B. T. J., Mar. 17, 1921, p. 301.

Egypt owes its prosperity principally to the long-staple cotton, of which it has a monopoly. From this cotton are made the finest threads and the toughest cotton textiles. It is in great demand for the manufacture of tires, and the United States consumes large quantities. Cotton regularly forms about 80 per cent of Egypt's total export. Cotton seed is next in importance. Only enough of the seed is crushed locally to supply the home demand for oil, and normally the resultant oil cake is all exported. Cotton is raised largely on a three-year rotation, and the area planted in any one year never reaches one-third of the total area in cultivation. Maize, wheat, barley, millet, vegetables, rice, and sugar are the other chief crops, but Egypt is not self-supporting in foodstuffs, and the Government in times of shortage restricts the cotton acreage. Egypt exports rice, onions and other vegetables, cereals and eggs, and imports flours, sugar, meats, and many other foodstuffs. After cotton and cotton seed the most important of the minor items of the export trade are cigarettes and hides and skins. The "Egyptian" cigarettes are made from imported Turkish (Greek) tobacco. Cigarette making and crushing of cotton seed are Egypt's two chief industries.

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1 A small quantity is grown in the West Indies and along the Atlantic coast and in the southwest of the United States.
2 During the war the oil cake was not exported and much was used for fuel; the price of coal reached $75 a ton. See Commerce Reports, Jan. 3, 1920.
3 Other recent measures have been the exemption from duty of wheat and a restriction upon the number of eggs which may be exported. (Journal Officiel, Oct. 23, 1919. B. T. J., Dec. 11, 1919, p. 739.) The acreage normally in cotton is 1,700,000. Its estimated irrigation and drainage works may add 1,300,000 acres, bringing the total to 3,000,000 acres annually in cotton. (Commerce Reports, Feb. 26, 1920.) For 1921 the cotton planting has been limited to one-third of each holding. (The Times (London), Dec. 9, 1920, Manchester Guardian, Dec. 18, 1920.)
4 In 1880 the cultivation of tobacco in Egypt was prohibited. At the same time a Government monopoly was established in tombac (coarse Persian tobacco), but this monopoly expired June 30, 1919. (B. T. J., July 21, 1919, p. 131.)
The principal imports and exports for the year 1919 are shown in Tables 10 and 11.

Table 10.—Chief imports of Egypt during the calendar year 1919.

<table>
<thead>
<tr>
<th>Article</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles:</td>
<td></td>
</tr>
<tr>
<td>Cotton—</td>
<td></td>
</tr>
<tr>
<td>Piece goods</td>
<td>11,687</td>
</tr>
<tr>
<td>Yarn and thread</td>
<td>1,395</td>
</tr>
<tr>
<td>Other manufactures</td>
<td>645</td>
</tr>
<tr>
<td>Woolen cloth</td>
<td>861</td>
</tr>
<tr>
<td>Silk cloth</td>
<td>783</td>
</tr>
<tr>
<td>Mixed goods</td>
<td>519</td>
</tr>
<tr>
<td>Apparel (ready-made clothing and under-clothing)</td>
<td>796</td>
</tr>
<tr>
<td>Hosiery</td>
<td>736</td>
</tr>
<tr>
<td>Coal</td>
<td>3,001</td>
</tr>
<tr>
<td>Tobacco, leaf</td>
<td>2,836</td>
</tr>
<tr>
<td>Chemical and medical products and specialties:</td>
<td></td>
</tr>
<tr>
<td>Fertilizers, artificial</td>
<td>1,426</td>
</tr>
<tr>
<td>Medicinal preparations and specialties and other chemical products</td>
<td>897</td>
</tr>
<tr>
<td>Mineral oils:</td>
<td></td>
</tr>
<tr>
<td>Kerosene</td>
<td>1,711</td>
</tr>
<tr>
<td>Gasoline</td>
<td>536</td>
</tr>
<tr>
<td>Meats</td>
<td>1,016</td>
</tr>
<tr>
<td>Paper and cardboard (excluding manufactures of)</td>
<td>930</td>
</tr>
<tr>
<td>Coffee</td>
<td>811</td>
</tr>
<tr>
<td>Wheat flour</td>
<td>779</td>
</tr>
<tr>
<td>Fruits, dried, and nuts</td>
<td>683</td>
</tr>
<tr>
<td>Jute sacks</td>
<td>586</td>
</tr>
<tr>
<td>Vegetable oils</td>
<td>593</td>
</tr>
<tr>
<td>Soap</td>
<td>570</td>
</tr>
<tr>
<td>Ironmongery</td>
<td>569</td>
</tr>
<tr>
<td>Sugar</td>
<td>408</td>
</tr>
<tr>
<td>All other articles</td>
<td>13,153</td>
</tr>
<tr>
<td>Total</td>
<td>47,410</td>
</tr>
</tbody>
</table>

1 From the official statistics. See also the Review of Egyptian Trade for Three Years, 1913, 1918, and 1919. Commerce Reports, Feb. 7, 1921, pp. 744-749.

Bunker coal to the value of £ E. 13,715,000 is included under transit trade. There is also a transit trade in gasoline and other oils, bringing the total for 1919 to £ E. 14,419,000.

Table 11.—Chief exports of Egypt during the calendar year 1919.

<table>
<thead>
<tr>
<th>Article</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw cotton</td>
<td>65,442</td>
</tr>
<tr>
<td>Cottonseed</td>
<td>3,014</td>
</tr>
<tr>
<td>Cigarettes</td>
<td>1,032</td>
</tr>
<tr>
<td>Hides and skins</td>
<td>694</td>
</tr>
<tr>
<td>Sugar</td>
<td>623</td>
</tr>
<tr>
<td>Leather</td>
<td>571</td>
</tr>
<tr>
<td>Rice</td>
<td>531</td>
</tr>
<tr>
<td>Onions</td>
<td>425</td>
</tr>
<tr>
<td>Cottonseed cake</td>
<td>412</td>
</tr>
<tr>
<td>Gum arabic</td>
<td>330</td>
</tr>
<tr>
<td>Eggs</td>
<td>252</td>
</tr>
<tr>
<td>Cigarette paper</td>
<td>240</td>
</tr>
<tr>
<td>All other articles</td>
<td>2,211</td>
</tr>
<tr>
<td>Total</td>
<td>75,888</td>
</tr>
</tbody>
</table>

Cotton is the predominant import of the United States from Egypt. The only other item deserving mention is gum arabic of which one-third (1918) is exported to the United States. The principal exports from the United States to Egypt are machinery, iron and steel manufactures, leather and its manufactures, haberdashery and furnishing goods, toys, stationery, and notions. Tables 12 and 13 show the division of the import and export trade of Egypt among the larger commercial countries in the last two years and the amount of cotton sent directly from Egypt to the United States and other countries in recent years.
### Table 12.—Distribution of the trade of Egypt in 1919 and 1920,¹

<table>
<thead>
<tr>
<th>Country</th>
<th>1920 Imports</th>
<th>1920 Exports</th>
<th>1919 Imports</th>
<th>1919 Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>37,884</td>
<td>21,840</td>
<td>36,343</td>
<td>40,222</td>
</tr>
<tr>
<td>British Mediterranean possessions</td>
<td>452</td>
<td>453</td>
<td>167</td>
<td>292</td>
</tr>
<tr>
<td>British India</td>
<td>3,333</td>
<td>2,347</td>
<td>747</td>
<td>587</td>
</tr>
<tr>
<td>Australia and New Zealand</td>
<td>4,900</td>
<td>1,548</td>
<td>91</td>
<td>48</td>
</tr>
<tr>
<td>Canada</td>
<td>244</td>
<td>33</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other British possessions in Far East</td>
<td>582</td>
<td>398</td>
<td>94</td>
<td>34</td>
</tr>
<tr>
<td>British possessions in Africa</td>
<td>1,322</td>
<td>302</td>
<td>56</td>
<td>26</td>
</tr>
<tr>
<td>Total British Empire</td>
<td>48,708</td>
<td>27,068</td>
<td>37,500</td>
<td>41,210</td>
</tr>
<tr>
<td>Belgium</td>
<td>1,921</td>
<td>202</td>
<td>324</td>
<td>207</td>
</tr>
<tr>
<td>Chile</td>
<td>2,053</td>
<td>1,068</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>China</td>
<td>2,235</td>
<td>1,317</td>
<td>19</td>
<td>25</td>
</tr>
<tr>
<td>France</td>
<td>6,101</td>
<td>2,390</td>
<td>8,069</td>
<td>5,871</td>
</tr>
<tr>
<td>Germany</td>
<td>1,136</td>
<td>6</td>
<td>1,294</td>
<td>243</td>
</tr>
<tr>
<td>Greece</td>
<td>2,083</td>
<td>1,803</td>
<td>413</td>
<td>606</td>
</tr>
<tr>
<td>Holland</td>
<td>649</td>
<td>186</td>
<td>332</td>
<td>277</td>
</tr>
<tr>
<td>Italy</td>
<td>5,705</td>
<td>2,512</td>
<td>3,303</td>
<td>3,499</td>
</tr>
<tr>
<td>Japan</td>
<td>2,264</td>
<td>1,729</td>
<td>1,236</td>
<td>1,864</td>
</tr>
<tr>
<td>Palestine</td>
<td>784</td>
<td>744</td>
<td>508</td>
<td>744</td>
</tr>
<tr>
<td>Roumania</td>
<td>536</td>
<td>8</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>871</td>
<td>25</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>1,630</td>
<td>443</td>
<td>19</td>
<td>36</td>
</tr>
<tr>
<td>Spain</td>
<td>324</td>
<td>263</td>
<td>1,299</td>
<td>822</td>
</tr>
<tr>
<td>Servia</td>
<td>449</td>
<td>4</td>
<td>28</td>
<td>34</td>
</tr>
<tr>
<td>Syria</td>
<td>725</td>
<td>367</td>
<td>528</td>
<td>697</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1,549</td>
<td>455</td>
<td>2,246</td>
<td>1,811</td>
</tr>
<tr>
<td>Turkey</td>
<td>1,174</td>
<td>631</td>
<td>358</td>
<td>330</td>
</tr>
<tr>
<td>United States of America²</td>
<td>10,751</td>
<td>2,569</td>
<td>26,469</td>
<td>16,714</td>
</tr>
<tr>
<td>Other countries in America</td>
<td>31</td>
<td>25</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Total other countries</td>
<td>6,916</td>
<td>2,016</td>
<td>1,443</td>
<td>3,770</td>
</tr>
<tr>
<td>Grand total</td>
<td>101,881</td>
<td>47,410</td>
<td>85,467</td>
<td>78,888</td>
</tr>
</tbody>
</table>

¹ B. T. J., Mar. 17, 1921, p. 301.
² Exports from the United States to Egypt were recorded in 1920 and 1919, respectively, as $38,132,000 and $15,076,000. Imports from Egypt for the same periods were $97,015,000 and $90,629,000. (Commerce Reports, Feb. 14, 1921.)

### Table 13.—Exports of Egyptian cotton,¹ 1912–1919.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>439,833</td>
<td>457,830</td>
<td>567,774</td>
<td>390,144</td>
<td>340,190</td>
<td>395,196</td>
<td>459,774</td>
</tr>
<tr>
<td>United States</td>
<td>124,634</td>
<td>89,723</td>
<td>176,974</td>
<td>155,947</td>
<td>134,891</td>
<td>75,865</td>
<td>95,262</td>
</tr>
<tr>
<td>France</td>
<td>57,914</td>
<td>88,033</td>
<td>24,412</td>
<td>42,390</td>
<td>28,063</td>
<td>33,819</td>
<td>69,620</td>
</tr>
<tr>
<td>Germany</td>
<td>77,177</td>
<td>99,943</td>
<td>32,924</td>
<td>37,934</td>
<td>33,290</td>
<td>19,436</td>
<td>23,201</td>
</tr>
<tr>
<td>Russia</td>
<td>89,578</td>
<td>52,094</td>
<td>45,110</td>
<td>45,838</td>
<td>32,644</td>
<td>45,110</td>
<td>45,110</td>
</tr>
<tr>
<td>Switzerland</td>
<td>75,740</td>
<td>75,556</td>
<td>45,110</td>
<td>45,838</td>
<td>32,644</td>
<td>45,110</td>
<td>45,110</td>
</tr>
<tr>
<td>Japan</td>
<td>36,628</td>
<td>33,480</td>
<td>20,537</td>
<td>27,064</td>
<td>20,270</td>
<td>10,218</td>
<td>22,160</td>
</tr>
<tr>
<td>Total</td>
<td>958,883</td>
<td>970,283</td>
<td>882,721</td>
<td>729,319</td>
<td>650,610</td>
<td>714,182</td>
<td>718,309</td>
</tr>
</tbody>
</table>

¹ Commerce Reports, Feb. 10, 1930.

### Tariffs

**Treaty restrictions.—** The similarity in the tariffs in the East African colonies may be due in part to the fact that Nyasaland, Kenya (British East Africa), Uganda, and Zanzibar are subject to the general act of the conference of Berlin, 1884–85, which, as amended at Brussels in 1890 and later, allows no import duties greater than 10 per cent⁸ ad valorem, except on arms and alcohol. On alcohol in

⁸ See page 120 for the proposed revision of this treaty, omitting this limitation. The restriction in the case of Zanzibar is contained also in the treaty of May 31, 1902, between the United States and Zanzibar. By a treaty of the following year (June 5, 1903) the light and harbor dues of Zanzibar are also limited to certain maximum rates. The text of these treaties may be found in Malloy: Treaties, Conventions, etc., Vol. 1, pp. 784, 785.
these same territories and north as far as to include the chief ports of the Sudan, the minimum rate was fixed by the various treaties of Brussels. In Egypt the rate of duty is limited by old treaties which date before the English occupation.

Import duties.—The import duties of this group consist of a single ad valorem rate of from 5 per cent to 20 per cent which is applicable to all or most dutiable articles other than liquors. These general rates (see addenda on page 371) are as follows:

<table>
<thead>
<tr>
<th>Per cent.</th>
<th>Per cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Bahrein Islands .................. 5</td>
<td>In Zanzibar .................. 81 10</td>
</tr>
<tr>
<td>In Somaliland ........................ 7</td>
<td>In Nyassaland (British Central Africa) 8 15</td>
</tr>
<tr>
<td>In Egypt ............................. 79 8</td>
<td>In Kenya and Uganda 20</td>
</tr>
</tbody>
</table>

The free lists differ greatly in extent. In Kenya, Uganda, and Nyasaland most commodities which relate to the development of agriculture and transportation are admitted free. The total duties collected in British East Africa (now Kenya) according to the figures for the fiscal year 1913-14 came to only 5.4 per cent of the total trade, in spite of the general import rate, then 10 per cent, i. e., the free list covered about half of the total trade. For 1917-18 and 1918-19 similar percentages were 5.6 and 4.6. In Zanzibar and Somaliland the exemptions are less numerous and in Egypt the only articles which enter free regardless of their destination or use are chemical fertilizers, books, and printed matter. But in all these colonies imports on behalf of the Government and the British Army are free and there are further exemptions for the benefit of consular and diplomatic functionaries, and in Egypt for certain members of the clergy, the Société des Eaux de Caire.

Export duties.—The export duties of this group are various. Kenya (including Uganda) and Somaliland have general rates, respectively, of 10 and 7 per cent, with a few specific rates, but plantation produce is generally free of duty. Nyasaland has long had specific rates on three valuable products, including gold and ivory, and recently duties have been imposed on plantation produce also; the Sudan has a rate of 1 per cent both for exports and as a transit duty; Zanzibar has half a dozen items of 5 to 15 per cent and one of 25 per cent, while in Egypt a rate exceeding 1 per cent would be contrary to treaty.

Exceptions and special provisions.—Free ports.—Port Said, at the entrance of the Suez Canal, has a large free zone. The port of Zeyla in British Somaliland is practically a free port; except on alcoholic liquors it has no import duties higher than 5 per cent, and except for

79 Ten per cent at place of shipment, increased by from 5 per cent to 25 per cent according to the kind of commodity and place of origin. (Kelly's Customs Tariffs of the World, 1920, p. 40.)
80 Valuations are given in tables agreed upon by the merchants and the Government, and are sometimes revised several times within the same year.
81 Valuations are given in official tables.
82 "The words 'ad valorem' shall be taken to refer to the value of goods as they lie at the port of shipment exclusive of trade discounts and of freight, insurance and other charges."
84 An export duty of 41 per bale on cotton from Uganda was imposed for the year 1918-19, but was not renewed. The Times Trade Supplement (London), June 5, 1919, p. 414.
85 By the governor's order of Mar. 31, 1920, effective the next day, cotton and tobacco are dutiable at 2d. per pound and tea at 4d.; but "if an exporter of cotton or tobacco grown by the exporter can satisfy the customs officer * * * * * that the total quantity of the product exported grown by him in year of export does not exceed 5 tons, duty on that product shall be charged at half the above-mentioned rate."
86 A protocol of Aug. 10, 1921, contains the assent of Belgium to an export rate of 2 per cent.
the specific rates on animals it has on exports only a general rate of 1 per cent. On the textiles most commonly imported the rate is only 2 per cent. This is also the rate on wines and malt and alcoholic liquors bound for Harrar in Abyssinia. Goods sent from Zeyla to other customs ports of Somaliland pay there the difference in the rates of duty.

**Egypt.**—The very limited free list found in the tariff schedule of Egypt is accounted for by the financial straits of its Government. As it has not been feasible to introduce many varieties of taxation and as the import duties are limited by treaty to 8 per cent ad valorem, fiscal necessity has compelled the exactation of this rate upon the greatest possible amount of commerce. In 1905 a fiscal concession was, however, made by the reduction to 4 per cent of the rate upon fuels, building timber, and some live stock. The continuance of this concession was rendered impossible by the war. In 1915 advantage was taken of modification of Egyptian treaty obligations to increase the rate on alcoholic liquors to 10 per cent ad valorem. About 50 per cent of the total customs revenue of Egypt is obtained from the duties on tobacco. The present rate (decree of October 4, 1921) on leaf tobacco is 800 millièmes per kilogram or .900 millièmes for leaves stripped of their stems, stalks, or median ribs. There is an additional 20 millièmes in case it comes from a country which has made no special arrangement with Egypt, the difference amounting to over 4½ cents a pound. (See p. 371.) Imports into Egypt pay an additional duty of one-half per cent as a municipal tax and there is a further one-half per cent on imports at Alexandria. (See p. 371.)

**Sudan.**—In the import tariff schedules of the Sudan the uniformity of the 8 per cent rate is broken by several exceptions as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate (8 per cent)</th>
<th>Exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirits and liquors</td>
<td>40 per cent</td>
<td></td>
</tr>
<tr>
<td>Champagne and sparkling wines</td>
<td>25 per cent</td>
<td></td>
</tr>
<tr>
<td>All other wines</td>
<td>15 per cent</td>
<td></td>
</tr>
<tr>
<td>Beer and stout</td>
<td>10 per cent</td>
<td></td>
</tr>
<tr>
<td>Coal, charcoal, firewood, and petroleum</td>
<td>4 per cent</td>
<td></td>
</tr>
<tr>
<td>Unmanufactured timber, except mahogany and other rare woods</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Oxen, cows, sheep, and goats and the fresh meat of these animals</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Tobacco and tabac in the leaf</td>
<td>500 millièmes per kilo</td>
<td></td>
</tr>
<tr>
<td>Tobacco and tabac, stripped, cut, or manufactured; cigars and cigarettes</td>
<td>600</td>
<td></td>
</tr>
</tbody>
</table>

The Sudan admits products of the neighboring territories at special rates. Imports from Egypt enter free; likewise exports from the Sudan are free if destined for consumption in Egypt. Products of Uganda, Italian Eritrea, and the French or Belgian Congos, intended for consumption in the Sudan, enter upon payment of 5 per cent ad valorem. Products of Abyssinia enter upon payment of 6 per cent ad valorem. Products of all the places named, however, pay duties equivalent to any royalty taxes paid by like articles the product of the Sudan, in case the royalty is greater than the duty other-

---

77 A like increase in the rate on sugar was agreed to by the countries other than Russia, whose treaties limit the Egyptian tariff. This treaty with Russia was effective from the 20th of June, 1909, until the 31st of December, 1918, and since that time has been terminable on 12 months' notice from either party. (Brit. and For. State Papers, vol. 162, pp. 970-1611.) Specific duties on alcoholic liquors, except wines and beer, were decreed from June 27, 1921. (B. T. J., July 21, 1921.)

78 See the article by Enrico Pegna previously cited, p. 463. The revenue obtained from tobacco was in 1890 £ E. 765,000, in 1916 £ E. 2,116,000. Though the bulk of the imports were dutiable at only 8 per cent, the revenue collected on all imports was in 1915, 13.9 per cent, and in 1916, 10.0 per cent of the value of the merchandise imported.

79 A millièmes is one-tenth of a piaster or one-thousandth of an Egyptian gold pound (£ E. 1) and is therefore almost equivalent to one-half of a cent. Cigars are dutiable at 700 millièmes. The drawback on the tobacco in exported cigarettes is 400 millièmes.

80 Special Consular Reports, No. 81, Abyssinia, p. 65.
wise leviable. According to an ordinance of 1904 these royalty duties are leviable upon gum, ostrich feathers, india rubber, and gutta-percha at the rate of 20 per cent ad valorem and on ivory and rhinoceros horn at 15 per cent. The governor general was authorized to modify these rates but in no case should they be less than 10 per cent or exceed 20 per cent.91

**Zanzibar.**—Zanzibar includes in its free list dairy products. By a customs ruling of November 10, 1911, "dairy produce" was held to mean fresh dairy produce of East Africa.92

**GROUP 4.—COLONIES WHICH IMPOSE AD VALOREM AND SPECIFIC IMPORT DUTIES AND SOME EXPORT DUTIES—IN WEST AFRICA: GAMBIA, SIERRA LEONE, GOLD COAST, NIGERIA; IN OCEANIA: NEW HEBRIDES, SOLOMON ISLANDS, TONGA OR FRIENDLY ISLANDS.**

**WEST AFRICA.**

The British possessions on the west coast of Africa are, from west to east and from the smallest to the largest, Gambia, Sierra Leone, the Gold Coast, and Nigeria. Gambia, the oldest of these possessions, is a mere strip along the river of the same name, extending some 250 miles into French West Africa. Its average breadth is only 16 miles. Though the river is practically the only means of communication, the colony is better provided than many others, for the river is navigable by light ocean-going vessels for 150 miles and by river boats for 200 miles farther. The other three colonies as may be seen from Table 14 are of substantial size.

**Table 14.—Area and population of the West African colonies.**

<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Population</th>
<th>Population per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>White</td>
</tr>
<tr>
<td>Nigeria</td>
<td>332,000</td>
<td>16,750,000</td>
<td>2,700</td>
</tr>
<tr>
<td>Gold Coast</td>
<td>82,000</td>
<td>1,503,000</td>
<td>2,206</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>31,000</td>
<td>1,403,000</td>
<td>150</td>
</tr>
<tr>
<td>Gambia</td>
<td>4,500</td>
<td>1,008,000</td>
<td>150</td>
</tr>
<tr>
<td>Total</td>
<td>447,500</td>
<td>19,864,000</td>
<td>5,758</td>
</tr>
</tbody>
</table>

1 Statesmen's Year-Book, 1920. The areas and populations of these colonies have not been definitely determined. For instance, the Colonial Office List gives the area of Gambia as 4,000 square miles, and the population of Nigeria is sometimes set at 17,500,000.

2 1911.

3 1915.

4 Colony, 8,000: protectorate estimated at 200,000 (Colonial Office List, 152,000).


The West African coast is generally low and the Gold Coast has been called the white man's grave. Officials and traders usually remain not longer than a year at a time. The country does not rise to a plateau as does eastern and southern Africa, but as it approaches the Sahara it becomes higher and drier and the tropical forests of the coast are replaced by rolling savannahs and even by stretches of savannah.

91 Kelly's Customs Tariffs of the World, 1920, p. 142.

92 In the Colonial Import Duties, 1911, the expression is East Africa and Uganda. Since Zanzibar had adhered to the general act of the conference of Berlin and was therefore debarred from levying discriminatory duties it would appear that the term East Africa must in this case apply to the East African coast generally.

93 Except the Banchi Plateau in northern Nigeria, which reaches an elevation of 5,000 to 5,500 feet.
BRITISH CROWN COLONIES.

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sand. The northern lands of the Gold Coast and of Nigeria are agricultural and pastoral. Nigeria has the possibility of becoming one of the world's great colonies. It has an area equal to that of the United Kingdom and France combined, and its people are in large part intelligent Hausas who have been organized by their Fulani rulers into stable native States of considerable economic development. The Fulanis—an olive-skinned people of uncertain origin—are horsemen and raisers of cattle. The Hausas are agriculturalists, craftsmen, and traders. The largest of the native States is Kano. This centers around a walled city of 40,000 inhabitants, now the terminus of the railway from Lagos and the center of the groundnut (peanut) trade, but long prosperous as a manufacturing city as well as through its commerce by caravan. The native craftsmen are skilled in making cotton cloth, leather,^94 pottery, and iron and copper tools and utensils such as the "Hausa hoes."

Resources and trade.—The British West African colonies are primarily agricultural, although Nigeria and the Gold Coast have important mineral resources. In northern Nigeria about 200 Europeans and some 22,000 natives are engaged in tin mining. The output of coal at Udi (the present terminus of the railway from Port Harcourt) is about 400 tons daily. Alluvial gold is worked, and potash, lead, silver, and manganese have been located. The Gold Coast has long produced considerable quantities of gold and has large resources in manganese and bauxite (aluminum ore). During the war manganese was shipped from the Gold Coast to Great Britain. Other resources of West Africa are the cattle of northern Nigeria, estimated at 3,000,000 head, and the timber of the coast regions of which the mahogany of the Gold Coast has been chiefly exploited.

Agriculture in West Africa is wholly in the hands of the natives. There are no European plantations, though numerous experiment farms are maintained by the Governments. Some of the chief products grow wild and receive little if any care—oil palms, rubber, and shea nut trees; but the groundnuts, cocoa, and cotton are cultivated crops. The development of cocoa raising in the Gold Coast has been most remarkable. Cocoa was introduced about 1890 and made no great progress for a number of years. In the last 20 years, however, the development has been very rapid, and the quantity produced in 1919 is estimated at one-half of the world's total. The quality is inferior but the price received has been sufficient to cause the native to neglect other crops and to rely increasingly upon imported foodstuffs. The colony has 160 miles of railway and about 450 miles of improved road. Transportation by motor truck is replacing carriage on the head and barrel rolling. The success of cocoa in the Gold Coast led to its introduction in Nigeria where its cultivation is spreading. The raising of groundnuts is also an innovation in Nigeria, where the exports have increased from 2,500 tons in 1912 to 57,500 tons in 1918. Cotton growing has been long practiced in northern Nigeria, but it is only recently that the encouragement of the British Cotton Growers' Association has led to an export trade. This association has introduced new varieties and better methods of cultivation, has erected ginneries at several points, and guarantees at the beginning of the season a fixed price for the whole crop. The

^94 E. g., the red Niger leather.
chief exports of the British West African colonies for 1918 are shown in Table 15.

Table 15.—Chief exports of the British West African colonies, 1918.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Nigeria</th>
<th>Gold Coast</th>
<th>Sierra Leone</th>
<th>Gambia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm kernels</td>
<td>3,236</td>
<td>133</td>
<td>683</td>
<td>10</td>
</tr>
<tr>
<td>Palm oil</td>
<td>2,610</td>
<td>84</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Tin ore</td>
<td>1,770</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groundnuts</td>
<td>920</td>
<td></td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Hides and skins</td>
<td>293</td>
<td></td>
<td>3</td>
<td>52</td>
</tr>
<tr>
<td>Cocoa</td>
<td>296</td>
<td>1,736</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotton</td>
<td>97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td></td>
<td></td>
<td></td>
<td>217</td>
</tr>
<tr>
<td>Kola nuts</td>
<td></td>
<td>262</td>
<td>308</td>
<td></td>
</tr>
<tr>
<td>Lumber</td>
<td>68</td>
<td>138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specie</td>
<td>53</td>
<td>138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rubber</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other</td>
<td>272</td>
<td>152</td>
<td>399</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,555</td>
<td>2,642</td>
<td>1,517</td>
<td>1,100</td>
</tr>
</tbody>
</table>

1 Figures relating to gold and specie were frequently kept secret during the war, and these figures are omitted from the annual report on the colony.

The steady growth in the trade of British West Africa was checked by the war, chiefly, at first by the cutting off of the German market for palm kernels, and later by the shortage of shipping. As may be seen from Table 16, the trade of the British West African colonies, which had increased fivefold in the previous 13 years, must be considered to have decreased during the war if even a moderate deduction be made to offset the fall in the value of money. The total trade of the four colonies rose only from $148,000,000 in 1913 to $157,000,000 in 1918.

Table 16.—Commerce of the British West African colonies, 1913 and 1918.

<table>
<thead>
<tr>
<th>Colony</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913</td>
<td>1918</td>
</tr>
<tr>
<td>Nigeria</td>
<td>7,307</td>
<td>8,318</td>
</tr>
<tr>
<td>Gold Coast</td>
<td>4,932</td>
<td>1,120</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>1,750</td>
<td>1,680</td>
</tr>
<tr>
<td>Gambia</td>
<td>1,091</td>
<td>1,458</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,100</td>
<td>14,376</td>
</tr>
</tbody>
</table>

1 Excluding bullion and specie. Imports including bullion, 1920, £15,152,000; exports, £12,352,000.

The imports of West Africa are the usual articles of colonial trade with a few local variations. Much the largest item is cotton piece goods which forms nearly one-third of the total in Gambia and Nigeria. Other items of importance are hardware, machinery (including in the Gold Coast and Nigeria automobiles), lumber and other building materials, kerosene, salt, soap, perfumery, tobacco, and spirits. Spirits, however, are now a minor item compared to what they were a few years ago.66 In Gambia kola nuts and rice ranked second and third among the imports of 1917.

66 For a further account of the trade see Ladd, Durant Ferson: Op. cit., and Commerce Reports, Supplement 57a, Dec. 17, 1919. Both of these publications, however, ignore Sierra Leone.
Great Britain has the dominant share in the trade of the British West African colonies, and during the war this share was materially increased. The increase was due chiefly to the establishment in Great Britain of the business of crushing palm kernels and the consequent importation of these kernels of which before the war three-fourths had gone to Germany. An even more complete diversion of the groundnut trade of Gambia from France to Great Britain took place, apparently because of the shipping situation. Direct communication with the United States was established and led to an increase in trade, though part of the increase shown by the figures is only a change from indirect to direct trade. This increase is shown in Table 17 which gives the percentages of the import and export trade held by the leading countries.

**Table 17. - Trade of British West Africa—percentage of imports from and exports to the leading countries, 1912 to 1919.**

**Imports.**

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Nigeria</th>
<th>Gold Coast</th>
<th>Sierra Leone</th>
<th>Gambia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Per cent.</td>
<td>Per cent.</td>
<td>Per cent.</td>
<td>Per cent.</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1912</td>
<td>68</td>
<td>63</td>
<td>64</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>61</td>
<td>70</td>
<td>65</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>1914</td>
<td>83</td>
<td>69</td>
<td>88</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>1915</td>
<td>84</td>
<td>73</td>
<td>60</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>1916</td>
<td>74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>1912</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>1914</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>1915</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>1912</td>
<td>11</td>
<td>9</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>11</td>
<td>8</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>1914</td>
<td>11</td>
<td>8</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>United States</td>
<td>1912</td>
<td>4</td>
<td>6</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>1914</td>
<td>12</td>
<td>22</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>1915</td>
<td>12</td>
<td>21</td>
<td>16</td>
<td>15</td>
</tr>
</tbody>
</table>

**Exports.**

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Nigeria</th>
<th>Gold Coast</th>
<th>Sierra Leone</th>
<th>Gambia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>1912</td>
<td>47</td>
<td>63</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>51</td>
<td>68</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>1914</td>
<td>83</td>
<td>65</td>
<td>61</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>1915</td>
<td>91</td>
<td>65</td>
<td>61</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>1916</td>
<td>91</td>
<td></td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>1912</td>
<td>12</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>13</td>
<td>12</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>1914</td>
<td>13</td>
<td>12</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>1915</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>1912</td>
<td>42</td>
<td>17</td>
<td>44</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>42</td>
<td>17</td>
<td>47</td>
<td>19</td>
</tr>
<tr>
<td>United States</td>
<td>1912</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1914</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Including specie and bullion.
2 In 1912 and 1913 the figures are given for the colony and protectorate of Southern Nigeria.
3 Excluding specie and bullion (gold and gold dust and auriferous by-products) in 1913.
The Tonga and the Solomon Islands are under British protection and the New Hebrides are under the condominium of France and Great Britain. All three, as well as the other British possessions in Oceania, except Fiji, are under the high commissioner of the western Pacific. The British high commissioner "has civil and criminal jurisdiction over the subjects of foreign powers * * * and the supervision of finance administration." The Solomon islanders formerly were taken as contract laborers to Fiji and other points, but more recently owing to the shortage of labor at home their emigration has been prohibited. Copra is the chief export but maize, rubber, coffee, cocoa, cotton, vanilla, bananas, pineapples, and other tropical and semitropical products can be grown; and tortoise shell and sea shells are exported.

Table 18 shows the area, population, and trade of these colonies.

<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Population</th>
<th>Trade, 1918-19 or 1919 (in thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>Tonga</td>
<td>355</td>
<td>24,000</td>
<td>347</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>11,000</td>
<td>150,000</td>
<td>660</td>
</tr>
<tr>
<td>New Hebrides</td>
<td>5,100</td>
<td>270,000</td>
<td>1,100</td>
</tr>
<tr>
<td>Total</td>
<td>16,455</td>
<td>241,000</td>
<td>2,107</td>
</tr>
</tbody>
</table>

1 Figures for area and population from the Statesman’s Year-Book, 1920; for trade, from Commerce Reports, Sept. 8, 1920.
2 Copra, £122,000.
3 The population has been estimated at from 100,000 to 140,000, but the mission returns place it at only 50,000." (Civil Office List, 1920, p. 430.)
In 1920 copra was £160,000 out of £164,000.

TARIFTS-BRITISH WEST AFRICA.

Treaty obligations.—In the Gold Coast and Nigeria, equal treatment of imports from Great Britain and France is guaranteed for 30 years from the ratification of the treaty with France in 1899. (See p. 144.) In the South Pacific islands equal treatment of British and German goods was provided for, without limit as to time, in the declarations exchanged in April, 1886, and, relating particularly to Tonga, in November, 1899.88 Equal treatment of British and French trade in the New Hebrides is guaranteed in a treaty of 1906. (See p. 222.)

Import duties.—The tariffs of these colonies are not as simple as those of eastern Africa, but they are not complicated. They are characterized by general ad valorem rates, but the specific rates are

8 Statesman’s Year-Book, 1920, p. 434, in reference to the Tongan Islands. According to a witness before the interstate commission of Australia "the resident commissioner [of the Solomon Islands] said he was there to protect the natives solely, not to encourage settlement or development." Interstate commission of Australia: Report on British and Australian Trade in the South Pacific, 1915, p. 111.
88 See pp. 240, 241. But note art. 299 of the peace treaty of Versailles, two paragraphs of which read as follows:
"Each of the allied or associated powers, being guided by the general principles or special provisions of the present treaty, shall notify to Germany the bilateral treaties or conventions which such allied or associated power wishes to revive with Germany.
"Only those bilateral treaties and conventions which have been the subject of such a notification shall be revived between the allied and associated powers and Germany; all the others are and shall remain abrogated."
OCEANICA
INCLUDING MALAY ARCHIPELAGO
MERCATOR'S PROJECTION

Equidistant scale, 1:50,500,000.
Mean meridional scale, between lat. 20° N. and 40° S., 1:49,000,000.
somewhat more numerous than in eastern Africa, and there are long free lists, much like the longest found there. Because of the increased need of revenue, due partly to decreased importations of liquors, these tariffs have all been increased materially during and since the war. The specific duties have practically all been increased, in a few cases quadrupled, additions have been made to the dutiable lists, the general ad valorem rates have been raised and export duties have been imposed. Since the war, however, there have been a few reductions.

The general ad valorem rates, levied on all articles not otherwise dutiable and not on the free list, have been increased as follows:

<table>
<thead>
<tr>
<th>Colony</th>
<th>Before the war</th>
<th>1921</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Gold Coast</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Gambia</td>
<td></td>
<td>5</td>
</tr>
</tbody>
</table>

1 Nigeria has no class "all other articles" but all imports dutiable on an ad valorem basis pay 12 per cent— all woven goods other than gray baft, wearing apparel, hosey and underclothing, thread and yarn, furniture, earthenware, enamel ware, and hardware, including cutlery and all minor metal articles and domestic and kitchen utensils not elsewhere specified.

2 The rate upon provisions was increased only to 12 per cent, and fresh provisions including fruit and meats, remained free. Flour, rice, ship's bread, sugar, tea, and wet salted beef and pork were dutiable at specific rates until all provisions were put on the free list by order of June 15, 1920.

3 In 1915 this rate was raised from 10 to 15 per cent; and in 1921 to 20, and then (July 13) to 25 per cent. (B. T. J., Aug. 28, 1921.)

4 The only ad valorem rates other than the general rate on articles not enumerated are for: Boots and shoes, jewelry, and perfumery, 10 per cent; and since Nov. 5, 1920, cotton goods, 10 per cent. Foodstuffs, formerly dutiable at 5 per cent, and rice, sugar, and edible oils, formerly dutiable at specific rates, were put on the free list when the duty on cotton was increased.

The articles which are preferred for specific duties are alcoholic beverages, tobacco, firearms, swords, cartridges and gunpowder, salt, matches, and kerosene.

There is no more uniformity in the specific duties than in the ad valorem duties. For instance, gunpowder pays from less than 1 penny to 1 shilling 3 pence per pound; cartridges, from 2 shillings 6 pence to 10 shillings per hundred; still wines, from 1 shilling to 2 shillings 6 pence per gallon.

In Nigeria all the dutiable articles are enumerated; the other colonies have long free lists. Machinery, whether agricultural, electrical, industrial, manufacturing, marine, or mining, is free, as are also live stock, fertilizers, seeds, insecticides, and fencing; printed matter and educational apparatus; coal, ice, and refrigerators; fresh fruit, vegetables, and fish; and bona fide produce of West Africa, including goods manufactured in West Africa of West African produce.

While the articles enumerated for specific duties are few they include important items of the import trade and amount to a con-

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9 A notable exception is that gray baft remains dutiable in Nigeria at 1d. per pound.

1 E.g., a temporary return of the ad valorem rate in Sierra Leone from 15 to 10 per cent, the exemption of provisions entering the Gold Coast, and the reduction on May 12, 1920, of the Nigerian rates on wine—on still wines from 6s. to 2s. 6d., and on sparkling wines from 7s. 6d. to 1s. per imperial gallon.

2 Other articles dutiable at specific rates are as follows: In the Gold Coast, candles, cordage, laundry soap, and cement; in Gambia, paint, and motor cars and cycles; in Sierra Leone, lumber, turpentine and other nonedible oils; in Nigeria, beads, coral, soap, lead, spring traps, kola nuts, umbrellas, and gray baft.

3 The form of the provision regarding West African produce is not uniform. It is absent in Nigeria where all dutiable articles are enumerated, including kola nuts, which are imported in large quantities from the Gold Coast. In Gambia, by exception, rice, kola nuts, salt, and starch of West Africa production are dutiable. In Sierra Leone manufactures are admitted free if made substantially, but not entirely of West African produce.

In the Gold Coast, coffee not of West African production was scheduled at 2l. a pound, then exempted from June 15, 1920, and dutiable at 4d. from Jan. 22, 1921. In Sierra Leone such coffee pays the general ad valorem rate.
siderable part of the total. Until the last two or three years, alcoholic beverages were the most important single class, especially from the point of view of revenue, for they were imported in large quantities and their rates, reduced to an ad valorem basis, ran as high as 240 per cent. The other articles listed for specific duties also generally have rates higher than the ad valorem duties—e.g., 3 to 7½ pence a gallon on kerosene and 2 pence to 6 shillings 3 pence per hundred on cartridges. In the Gold Coast where the articles listed for specific duties have been more numerous than in the other British West African colonies they constituted from one-third to one-half of the total dutiable imports and in 1915, even omitting alcoholic beverages, they yielded a greater customs revenue than those dutiable at the ad valorem rate of 10 per cent. The following figures for the trade of the Gold Coast for 1915 and 1916 show the importance of the free list in comparison with the dutiable trade, and the relative totals upon which specific duties and ad valorem duties were levied. The figures show further that in 1915, 62.2 per cent of the total customs revenue was received from liquors, and that the average of all the other specific duties, excluding those on alcoholic beverages, when reduced to an ad valorem basis, was 29 per cent. One-fifth of the total imports came in free and two-fifths paid only 10 per cent, but liquors paid such high duties that the total customs collected were 31 per cent of the total imports.

Table 19.—Imports into the Gold Coast, 1915 and 1916.

(In pounds sterling.)

<table>
<thead>
<tr>
<th>Articles</th>
<th>1915</th>
<th>1916</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value.</td>
<td>Revenue collected.</td>
<td>Average rate paid.</td>
</tr>
<tr>
<td>Articles on the free list</td>
<td>579,000</td>
<td>114,000</td>
</tr>
<tr>
<td>Articles subject to ad valorem duty</td>
<td>1,144,000</td>
<td>114,000</td>
</tr>
<tr>
<td>Articles subject to specific duties:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquors</td>
<td>216,000</td>
<td>514,000</td>
</tr>
<tr>
<td>Other articles</td>
<td>694,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Total</td>
<td>2,633,000</td>
<td>928,000</td>
</tr>
</tbody>
</table>

1 Estimated. Figures for free imports are usually taken with less care than those for dutiable goods, but the particular reason for calling this an estimate, as the annual colonial report does, is that there is a "very considerable trade" in free goods across the land frontier for which the statistics are not "complete and trustworthy." The recorded dutiable trade across the land frontier was less than £13,000 in 1916.

In the other colonies the rates on distilled liquors before the war were approximately in Gambia 100 per cent, in Sierra Leone 150 per cent, and in Nigeria 250 per cent. Since 1914 the specific rates have been increased but not sufficiently to keep pace with the increase of

4 Since Apr. 25, 1921, spirits of 50° of alcoholic strength have been dutiable in Nigeria at £1 5s. per imperial gallon.
5 In 1913 £1 per gallon was approximately 50 per cent of the value of the petroleum oil imported into the Gold Coast, but when the general ad valorem rate was raised to 20 per cent, with no increase in the specific rate on kerosene in spite of the trebled price in this colony, the specific duty became in 1918 lower than the ad valorem rate. No doubt other items could be picked out which would show a like change in the relative weight of the specific duties.
6 Until all provisions were made duty free in June, 1920. From Jan. 22, 1921, flour, fish, lard, rice, tea and sugar again became dutiable.
7 Compare Southern Nigeria where the percentage of customs revenue received from liquors was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911</td>
<td>67.8</td>
</tr>
<tr>
<td>1913</td>
<td>64.8</td>
</tr>
<tr>
<td>1915</td>
<td>67.8</td>
</tr>
</tbody>
</table>
prices. Since that year also, through interruption of trade with Germany and Holland, the chief suppliers of trade spirits, and through the rise of prices and the increase of duty the quantities imported into West Africa have decreased strikingly, as may be seen in the following figures for the Gold Coast:

Table 20.—Imports of alcoholic beverages into the Gold Coast, 1913 to 1919.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gln.</th>
<th>Rum.</th>
<th>Other spirits</th>
<th>Still wines</th>
<th>Sparkling wines</th>
<th>Ale, beer, and porter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>559</td>
<td>1,153</td>
<td>51</td>
<td>71</td>
<td></td>
<td>149</td>
</tr>
<tr>
<td>1914</td>
<td>574</td>
<td>1,085</td>
<td>54</td>
<td>67</td>
<td></td>
<td>151</td>
</tr>
<tr>
<td>1915</td>
<td>502</td>
<td>989</td>
<td>44</td>
<td>37</td>
<td>2</td>
<td>120</td>
</tr>
<tr>
<td>1916</td>
<td>490</td>
<td>1,214</td>
<td>82</td>
<td>54</td>
<td>5</td>
<td>148</td>
</tr>
<tr>
<td>1917</td>
<td>121</td>
<td>772</td>
<td>25</td>
<td>25</td>
<td>3</td>
<td>28</td>
</tr>
<tr>
<td>1918</td>
<td>71</td>
<td>335</td>
<td>32</td>
<td>12</td>
<td>1</td>
<td>39</td>
</tr>
<tr>
<td>1919</td>
<td>10</td>
<td>621</td>
<td>41</td>
<td>31</td>
<td>3</td>
<td>77</td>
</tr>
</tbody>
</table>

The importation of spirits into large parts of Nigeria had long been prohibited in accordance with the principles laid down in the treaty of Brussels (1890) and in 1919 the drastic policy was adopted of prohibiting the importation of trade spirits into the British West African possessions. (See p. 122.) Trade spirits are defined in Nigeria as "spirits imported for sale to natives and not generally consumed by Europeans." The importation of distilling apparatus is included in the prohibition in the colony of Gambia.

Export duties.—There was an old export duty in Gambia of 6 shilling 8 pence per long ton on groundnuts, which was increased in November, 1920, to £1; and the war, together with the lessened importation of trade spirits, has caused the imposition of export duties in the other colonies as follows: a

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Nigeria</th>
<th>Sierra Leone</th>
<th>Gold Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm kernels... per long ton...</td>
<td>Oct., 1918, £1 6s. 6d...</td>
<td>Jan., 1919, 10s...</td>
<td>June 11, 1919, £1 6s. 6d...</td>
</tr>
<tr>
<td>Palm oil... per pound...</td>
<td>Oct., 1916, £2...</td>
<td>Jan., 1918, 10s...</td>
<td>June 11, 1919, £2 1s. 6d...</td>
</tr>
<tr>
<td>Cocoa... do...</td>
<td>Oct., 1916, £2 6s. 8d...</td>
<td>Jan., 1919, 2s. 6d...</td>
<td>June 5, 1919, £2 6s. 8d...</td>
</tr>
<tr>
<td>Kola nuts... per hundredweight...</td>
<td>Jan., 1918, 10s...</td>
<td>Jan., 1919, 1s. 8d...</td>
<td></td>
</tr>
<tr>
<td>Groundnuts... per long ton...</td>
<td>Jan., 1918, 10s...</td>
<td>Jan., 1919, 1s. 8d...</td>
<td></td>
</tr>
<tr>
<td>Untanned hides and skins... per pound...</td>
<td>Jan., 1918, 2d...</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tanned hides and skins... per pound...</td>
<td>Jan., 1918, 3d...</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Goods in transit by sea, or inland navigation, are exempt from the export duties of the Nigerian Export Ordinance of 1916. (B. T. J., Aug. 4, 1921.)

b Shortly after the proclamation of the first export duties in Nigeria, it was announced that only half of the rates quoted would be levied until Mar. 31, 1917. The rate of £2 6s. 8d. per ton is one farthing (one-half cent) a pound. The dates are either those of the laws or orders, or of the days when they became effective.

c In Gambia trade spirits "means spirits of a low grade in value which in the opinion of the receiver general, subject to any direction of the Governor, are imported mainly for native consumption." (B. T. J., May 8, 1919, p. 618. Ordinance of Gambia, Apr. 23, 1919, and of Sierra Leone, Aug. 16, 1919.)
Nigeria also levies royalties "which are collected on exportation in the form of an export duty." The royalty on tin ore or metallic tin is based on a sliding scale beginning with 2 per cent ad valorem when the London price of tin is less than £130 per ton and increasing to 7½ per cent if the London price reaches or exceeds £180 per ton. The ore is deemed to contain 70 per cent of metallic tin. There is a similar sliding scale on wolfram and there are rates not exceeding 3 per cent on iron and lead or their ores and on lead ore containing silver. On gold the royalty is 4 shillings per ounce Troy and on other precious metals 5 per cent ad valorem. As usual these export duties are found to fall on the most important products exported, and they produce considerable sums of revenue. Nigeria has been exporting from 150,000 to 200,000 tons of palm kernels and has exported greater quantities of cocoa. The export duties in 1919 yielded 4.6 per cent of the value of the native products exported.

Preferential duties and restrictions.—The special restrictions on trade during the period of hostilities may be passed over. Since that period one discriminatory import restriction has been in force and two discriminatory export duties. The import restriction is that found in many British colonies prohibiting the importation of dyestuffs except as licensed by the governor. 9 (See p. 361.) The preferential export duties are those upon palm kernels and tin ore. Upon palm kernels the duty is an additional £2 per ton unless a bond is given that the kernels will be crushed within the British Empire. Likewise there is an additional 3½ per cent ad valorem upon tin ore which is not to be smelted in the United Kingdom or British possessions. Further discussion of these differential duties will be found on pages 339 and 340.

Tariffs—Oceania.

Three groups of Oceania have tariffs similar to those just discussed—the New Hebrides, the Solomon Islands, and Tonga (the Friendly Islands). In the tariffs of these colonies, the general rate is 10 per cent in the first two named and 12½ per cent in Tonga; specific rates are the rule for alcoholic beverages, tobacco, arms, and munitions, and oils; otherwise the lists are restricted, in the New Hebrides 10 to spices, and in the others to galvanized iron and some forms of wood or timber. Before the war, the Solomon Islands had no general tariff rate; the tariff system which was then in force would have fallen in the class of those listed in Group 2. Tonga had a general rate of 10 per cent instead of 12½ per cent. The general

9 The prohibition upon the exportation of oleaginous products, except palm oil, to destinations other than the British Empire, France, and Italy, was also in no wise peculiar to British West Africa. In Nigeria this prohibition went into effect on Feb. 2, 1919, and was repealed on Dec. 6 of the same year. While it was not in force during the period of hostilities this regulation was essentially a war measure and it is believed that it is no longer in force in any of the British colonies.

10 The government of the Gold Coast has announced another discriminatory measure to operate from Jan. 1, 1922. From that date the importation of left-hand-driven motor vehicles is to be prohibited. (Board of Trade Journal, Mar. 31, 1921.) This legislation is due to the British rule that drivers keep to the left of the road, and the consequent practice of British manufacturers of making vehicles to be driven from the right side. It may be noted that after careful consideration of the subject in Great Britain, the adoption of such a measure as that announced for the Gold Coast was not judged necessary for the avoidance of accidents. That the government of the Gold Coast has given almost a year's notice of the application of the measure may be looked upon as an admission that the measure is not vitally necessary to public safety, but the government may have considered it important to give manufacturers other than British a long period of grace in the matter.

11 For a full description of the tariff of the New Hebrides, see pp. 222 and 306. Preferences are granted by France and Australia to certain products of the New Hebrides raised by planters of French and British nationality, respectively.
rate in the New Hebrides was raised shortly before the war from an earlier 5 per cent to 10 per cent. In the New Hebrides, the rates on spices are those of the French tariff, imposed to protect France, since that country admits these spices of the New Hebrides, if grown by French interests, free; there is a rate of 100 per cent on detonators and on guns other than rifles and revolvers, and on ammunition. In Tonga there is a rate of 25 per cent on arms, wax vestas, and watches and other jewelry. Formerly, the only export duty in any of the three was one of 2½ per cent in Tonga on exportation of coin; but in 1917 Tonga levied a duty of 15 shillings per ton on copra, and in 1918 there was imposed in the New Hebrides a duty of £4 per ton on the exportation of rosewood and sandalwood.

GROUP 5.—COLONIES WHICH IMPOSE SPECIFIC AND AD VALOREM DUTIES ON ARTICLES OF CONSUMPTION AND SOME EXPORT DUTIES—BRITISH WEST INDIES; THE SEYCHELLES.

THE WEST INDIES.

The 16 tariffs of the British possessions in and about the Caribbean may be grouped together. These possessions include British Guiana and British Honduras on the mainland, Bermuda, Trinidad, and the British West Indies in the narrower sense—Jamaica, Barbados, the Bahamas, the five Leeward Islands, the three Windward Islands, and Turks and Caicos Islands.

As may be seen from Table 21, British Guiana alone of these colonies has a considerable area—approximately equal to that of the States of New York and Pennsylvania combined, while the largest of the island groups is smaller than Connecticut. Jamaica’s population approaches a million, and the populations of Guiana, Trinidad, and Barbados are in the neighborhood of 200,000 or 300,000, but none of the others exceeded 60,000 in 1911. British Guiana has only about 3 persons to the square mile, Honduras, 5, and the Bahamas, 14; but in the other colonies, the populations, although small, are large compared with the size of the islands. Bermuda and Barbados, with 1,100 persons to the square mile, rank with Egypt among the world’s most densely populated territories; the others have from 100 to 500 per square mile. Bermuda also annually accommodates visitors to a number in excess of her resident population. The expenditures of these visitors explain the striking discrepancy between the values of Bermuda’s imports and exports—in 1913, imports of £571,000, as against exports of £105,000. The total trade of all these colonies, including transit trade and specie, was in 1913, about £29,000,000, which indicates a commercial importance only about one-tenth as great as that of Canada.

11 But the population of Malta exceeds 1,800 to the square mile.
Table 21.—Area and population of the colonies in Group 5.  

<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Population</th>
<th>Population per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total, 1917</td>
<td>White</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>1,974</td>
<td>377,000</td>
<td>19,002 (91)</td>
</tr>
<tr>
<td>British Guiana</td>
<td>189,700</td>
<td>314,000</td>
<td>3,409 (11)</td>
</tr>
<tr>
<td>Jamaica and Cayman Islands</td>
<td>4,285</td>
<td>889,400</td>
<td>185,605 (209)</td>
</tr>
<tr>
<td>Barbados</td>
<td>100</td>
<td>187,000</td>
<td>1,870 (1,27)</td>
</tr>
<tr>
<td>Leeward Islands 3</td>
<td>715</td>
<td>128,000</td>
<td>179</td>
</tr>
<tr>
<td>Windward Islands 4</td>
<td>316</td>
<td>170,000</td>
<td>345</td>
</tr>
<tr>
<td>British Honduras</td>
<td>8,598</td>
<td>85,000</td>
<td>2,000 (5)</td>
</tr>
<tr>
<td>Bahamas</td>
<td>4,404</td>
<td>60,000</td>
<td>14</td>
</tr>
<tr>
<td>Bermuda</td>
<td>19</td>
<td>22,000</td>
<td>1,138</td>
</tr>
<tr>
<td>Turks and Caicos Islands 7</td>
<td>224</td>
<td>5,000</td>
<td>23</td>
</tr>
<tr>
<td>Total West Indies</td>
<td>110,412</td>
<td>2,214,000</td>
<td>20</td>
</tr>
<tr>
<td>Seychelles</td>
<td>150</td>
<td>25,000</td>
<td>160</td>
</tr>
</tbody>
</table>

1 Statesman's Year-Book, 1919.
2 In Commerce Reports, Supplement 25a, Mar. 11, 1920, appears the statement that probably not over 5 per cent are white.
3 Portuguese 9,766, other Europeans 3,636. The larger part of the country is inhabited only by the aboriginal Indians and no estimate of their population has been made. In the settled area there are about 7,000 of these Indians, 158,000 East Indians, 2,000 Chinese, and 150,000 Negroes and mixed blood. (Colonial Office List, 1919.)
4 1911. Jamaica only. It is said that a majority of the 3,400 inhabitants of the Caymans are white.
5 Antigua, Montserrat, St. Christopher-Nevis, Dominica, and the Virgin Islands.
6 St. Lucia, St. Vincent, and Grenada.
7 Turks and Caicos Islands are a dependency of Jamaica but the figures are given separately because they have a separate tariff. Most of the names cover groups rather than single islands. Even Bermuda, with only 12.5 square miles, consists of 20 inhabited and hundreds of uninhabited islands. The most important of the subsidiary islands are Tobago (114 square miles) attached to Trinidad, Barbuda (62 square miles) attached to Antigua, and Anguilla (33 square miles) attached to St. Christopher-Nevis. St. Christopher is commonly called St. Kitts.
8 1911.

The population of the British West Indies is varied not only in nationalitiy but in race. Only a small fraction is of English descent. The original inhabitants of the islands, the Caribs, were practically exterminated, but a few hundreds of pure descent survive in Dominica. On the mainland the Indian population survives in greater numbers in Guiana and Honduras. When the Caribs failed to survive the slavery to which they were subjected, their places were taken by Africans, and the major part of the population is now black or of mixed blood. In recent decades East Indians have been brought in and they and their descendants now form 43 per cent of the population of Guiana and about one-third of that of Trinidad. In Jamaica there are about 17,000 East Indians and 2,000 Chinese. Jamaica, Barbados, and the Bahamas, however, have not felt the same shortage of labor as Guiana and Trinidad and many thousands of their inhabitants have migrated to the Canal Zone, Cuba, and Central or North America. In Trinidad "the remaining two-thirds [i. e., who are not East Indians] are mostly mixed African and European blood, the oldest European elements being French and Spanish. A French patois is spoken and in some places Spanish, but these are in general confined to the cocoa planting districts." 12 In St. Lucia also a French patois is spoken. Dutch elements are also found and three-fourths of the Europeans in Guiana are Portuguese.

As British Guiana extends almost to the Equator while Bermuda lies 2,000 miles to the north opposite North Carolina, and as an

12 Statesman's Year-Book, 1918, p. 337.
almost equal distance separates Barbados from British Honduras, it is not surprising that there is a considerable difference in their chief products. Historically, sugar has been the great crop of the West Indies, but with the decline of that industry (see p. 697 fn.), the planters turned to other products, so that before the war sugar was only a small part of the total exportation and cocoa exceeded it in value. But the diversity of products is that of the whole group; each colony has some one product which constitutes in value at least one-third of its total export. The diversity is seen in the fact that, taking the Leeward Islands as a unit, and the other colonies separately, there were in 1913 nine different dominant products in the 12 divisions, while the inclusion of the products second in importance adds four more commodities to the list. Three-fourths by value of the total exportation of Grenada was cocoa; of British Honduras, wood and chicle; of St. Vincent, arrowroot and cotton; of Turks and Caicos, salt; two-thirds of Bermuda's export was vegetables and the same proportion for the Bahamas was sponges and hemp. Guiana, the Leeward Islands, and St. Lucia exported sugar to a value of one-half their respective totals. St. Lucia also exported cocoa (two-fifths); Guiana exported rum, balata gum, and rice, and the Leeward Islands, cotton and limes. One-half of the exportation of Barbados was molasses, and there was some sugar, cotton, and rice. Cocoa was the most important export of Trinidad (one-third), followed by sugar and asphalt. Bananas were the chief export of Jamaica (two-fifths), and their value was approximately equaled by the total of the logwood extract, coffee, coconuts, cocoa, dye woods, and rum.\(^3\)

These colonies are almost wholly agricultural. Mineral products are important only in Trinidad (oil and asphalt) and in Guiana (gold, diamonds, and bauxite). Products of the sea receive minor attention and some boats are built. Bermuda and the Bahamas are winter resorts. Jamaica and Trinidad have some transit trade which adds to their commercial importance. Oil is refined in Trinidad, and in Jamaica there are three factories for extracting logwood dyes, but otherwise the West Indian colonies have only a few small mills or factories chiefly for operations essential to the utilization of agricultural products—cotton gins, mills for crushing sugar cane, and factories for preserving fruit.\(^4\)

Bermuda and Barbados are cultivated intensively. The other islands are capable of much further development, though a considerable part of the surface is mountainous, rocky, or sandy. The two largest colonies, Guiana and Honduras, have scarcely been touched—the cultivated area remains less than 1 per cent. In 1916 the Indian government prohibited the migration of contract laborers to Guiana. It is now reported that an agreement on this subject has been reached and this labor will again become available. With

\(^3\) These figures, being based on values in a single year are merely illustrative of the diversity of chief products in the West Indies. Higher prices for certain commodities, e. g., sugar, or the failure of certain crops might make numerous changes in the list. Cf. B. T. J., Sept. 29, 1921, p. 330.

\(^4\) There are about 20 sugar factories in Trinidad, from a few of small capacity up to the largest with about 20,000 tons capacity. In addition there are several large oil refineries, one furniture factory, two tobacco and cigarette factories, two tanneries, one brewery, one factory for making matches, one for soap, two for aerated water, four for making ice, four for making chocolate, four for lime juice, four for making coconut oil, two for rice milling, two for making coconut fiber, three iron foundries, one floating dock, several sawmills, one biscuit factory, two dyeworks, six printing works, two carriage factories, eight garages, and a factory for the manufacture of Angostura bitters. (Commerce Reports, Supplement 52a, Mar. 11, 1920, p. 12.)
a sufficient labor supply the colony can increase enormously its crops of sugar, cocoa, and other tropical products.

**THE SEYCHELLES.**

The Seychelles, some 90 in number, lie in the Indian Ocean 600 miles northeast of Madagascar. Copra is the chief export. Others are vanilla, essential oils, guano, cinnamon, soap, tortoise shell, and calipee. The trade is largely with India.

**TRADE OF COLONIES IN GROUP 5.**

The value of the trade of these colonies in 1913 and 1917-18 is shown in Table 22.

**Table 22.—Imports and exports of the colonies in Group 5, 1913 and 1917-18.**

<table>
<thead>
<tr>
<th>Colony</th>
<th>Imports</th>
<th>1913</th>
<th>1917-18</th>
<th>Exports</th>
<th>1913</th>
<th>1917-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trinidad and Tobago</td>
<td>4,968</td>
<td>4,790</td>
<td>5,206</td>
<td>5,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>British Guiana</td>
<td>1,611</td>
<td>3,371</td>
<td>2,100</td>
<td>4,316</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jamaica and Cayman Islands</td>
<td>2,862</td>
<td>1,327</td>
<td>2,440</td>
<td>12,457</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barbados</td>
<td>1,353</td>
<td>2,285</td>
<td>7,761</td>
<td>2,190</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leeward Islands</td>
<td>598</td>
<td>902</td>
<td>564</td>
<td>1,095</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Windward Islands</td>
<td>2,047</td>
<td>893</td>
<td>1,376</td>
<td>922</td>
<td></td>
<td></td>
</tr>
<tr>
<td>British Honduras</td>
<td>655</td>
<td>575</td>
<td>613</td>
<td>550</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bahamas</td>
<td>404</td>
<td>494</td>
<td>264</td>
<td>402</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bermuda</td>
<td>671</td>
<td>674</td>
<td>193</td>
<td>268</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turks and Caicos Islands</td>
<td>30</td>
<td>35</td>
<td>28</td>
<td>42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total West Indies</td>
<td>15,089</td>
<td>17,246</td>
<td>13,497</td>
<td>17,521</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seychelles</td>
<td>83</td>
<td>88</td>
<td>166</td>
<td>90</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Excluding bullion and specie for Jamaica.
2 Excluding bunker coal.

**TARIFFS.**

**Import duties.—** The import tariff schedules of this group contain from 50 to 120 classifications, for the most part of specific rates, but with some ad valorem rates and ending with ad valorem rates of from 10 to 20 per cent on all articles not enumerated and not on the free list. This last rate is 20 per cent in British Guiana, British Honduras, Trinidad, and Barbados, 15 per cent in Jamaica, 15 per cent in St. Vincent, Grenada, St. Lucia, Antigua, St. Christopher-Nevis, Montserrat, and the Seychelles, 12½ per cent in Dominica and the Bahamas, 11 per cent in Bermuda, and 10 per cent in the other two. The articles selected for enumeration at specific rates are chiefly foodstuffs, including liquors and tobacco; and

---

1 Turkeys and Caicos has only 28 specifications in its tariff, while Trinidad has about 200. Most of the rates in British Honduras are ad valorem.
2 The rate on non-British goods was raised from 15 to 20 per cent when the Canada-West Indies agreement was made effective; the rate on British goods was reduced to 10 per cent.
3 Rate increased from 10 to 15 per cent by ordinance assented to on Sept. 20, 1919, and to 20 per cent from Aug. 23, 1921. Rate on British goods reduced to 10 per cent on Oct. 12, 1923.
4 A government bill introduced Dec. 7, 1921, proposes 20 per cent.
5 The rate on non-British goods was raised from 10 to 15 per cent when the Canada-West Indies agreement of 1920 was made effective (see p. 364); and 20 per cent in April, 1921.
6 Increased from 12½ per cent in 1920. (The Times Trade Supplement, Mar. 27, 1920.)
7 Mar. 11, 1920. The rate in 1919 was 25 per cent and in 1919, 20 per cent. The schedule for 1920 reduces by half the specific rates except on tobacco, wines and spirits. (Commerce Reports, May 1, 1920.)
8 Schedules for the calendar years 1920 and 1921. The 11 per cent is made up of a regular duty of 10 per cent and a surtax applicable alike to specific and ad valorem duties of 10 per cent of the duty paid.
tallow and oils, soap, matches, cement and wood, arms and ammunition. This practically exhausts the list of enumerated articles in the majority of the colonies, but the schedules of Guiana, Trinidad, Barbados and St. Vincent list about 30 classes of manufactured articles at ad valorem duties, the rate being usually the same or about the same as that on unenumerated articles.\(^2\) Obviously, most of the duties can not protect local industries, though in certain cases the duties on foodstuffs and lumber may have that effect, particularly the duties on sugar, coffee, cocoa, and other semi-tropical products.\(^3\) The wide range of duties upon manufactured products becomes of special importance in view of the conversion of the West Indies to the policy of preferential tariffs in favor of Great Britain and Canada. This phase of the situation is dealt with on pages 362-367.

The height of these tariffs previous to the recent increases is indicated by the following figures, showing the average rate paid upon all imports; or where the revenue obtained from import duties is not distinguishable from that obtained from export duties, the average rate of all duties paid upon the total trade.

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Average rate of import duty paid upon—</th>
<th>All imports</th>
<th>Dutiable imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamaica</td>
<td>1914</td>
<td>15.5 Per cent.</td>
<td>11.5</td>
<td>9.9</td>
</tr>
<tr>
<td>Trinidad</td>
<td>1913</td>
<td>7.8 Per cent.</td>
<td>3.1</td>
<td>9.9</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>21.3 Per cent.</td>
<td>21.3</td>
<td>15.8</td>
</tr>
<tr>
<td>Bahamas</td>
<td>1919</td>
<td>14.3 Per cent.</td>
<td>14.3</td>
<td>15.8</td>
</tr>
<tr>
<td>Barbados</td>
<td>1914-15</td>
<td>17.2 Per cent.</td>
<td>11.6</td>
<td>15.8</td>
</tr>
<tr>
<td></td>
<td>1918-19</td>
<td>11.1 Per cent.</td>
<td>11.1</td>
<td>15.8</td>
</tr>
<tr>
<td>Guiana</td>
<td>1918</td>
<td>10 Per cent.</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Bermuda</td>
<td>1913-14</td>
<td>9.1 Per cent.</td>
<td>9.1</td>
<td>13.2</td>
</tr>
<tr>
<td>Honduras</td>
<td>1919</td>
<td>12.1 Per cent.</td>
<td>12.1</td>
<td>15.8</td>
</tr>
<tr>
<td>Grenada</td>
<td>1915-14</td>
<td>13.1 Per cent.</td>
<td>13.1</td>
<td>15.8</td>
</tr>
<tr>
<td>Seychelles</td>
<td>1920</td>
<td>14.4 Per cent.</td>
<td>14.4</td>
<td>15.8</td>
</tr>
</tbody>
</table>

1 Percentage reckoned on imports including specie.

The extensive free lists frequently include various foodstuffs, but are composed chiefly of articles expected to promote the development of the agriculture and industry of the colony. Long enumerations of the kinds of machinery exempt from duty are common, and packing materials, railway and telegraph equipment, fire engines, and printed matter are generally free, or free on the preferential schedule and dutiable at a low rate on the general schedule. In Jamaica—

Whenever it shall appear to the governor in privy council, that the interests of this island will be advanced thereby, he is hereby authorized to exempt from duty or to admit at a modified rate of duty any articles which may be required for use in

\(^2\) Other ad valorem rates are found: e. g. in Bermuda, 20 per cent on patent medicines and cosmetics, and 25 per cent on wine; in Honduras, 25 per cent on jewelry, clocks, and watches, tea, cigarettes and wine; and 30 per cent on perfumery and medicinal spirits; in Dominica, 37½ per cent on wines other than clarets; in Trinidad and Grenada, 30 per cent on jewelry, perfumery and motor cars. Trinidad and Barbados have the low rate of 2½ per cent on 7 and 9 classifications of machinery (free in Trinidad until December, 1917, and now free under the preferential schedule).

\(^3\) There are no doubt many minor instances such as matches and soap (see footnote on p. 317 for the minor industries of Trinidad.) In Bermuda bananas are dutiable from May to December, Inclusive, and turnips from December to July, inclusive.
connection with local industries, or in the preparation of native products, subject to such regulations and conditions, and for such periods as he may see fit.24

Including, as they do, many provisions for the exemption of government stores, certain property of soldiers, consuls, gun clubs, or others, and articles for particular uses, such as religious and educational, these exemption lists are often long enough to cover several pages of an ordinary book. The following percentages of the total imports entered free in the colonies and years named:

<table>
<thead>
<tr>
<th>Article</th>
<th>1916</th>
<th>1919</th>
<th>1920</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Honduras</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jamaica</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trinidad</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bahamas</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Export duties.—Trinidad, Jamaica, Honduras, Grenada, St. Vincent, Guiana, and the Leeward Islands with the exception of Antigua have export duties on from five to a score or more of the chief exportable products. These duties are all specific.25 Export duties expired or were repealed in the years preceding the war in Trinidad, Barbados, Jamaica, and Turks and Caicos, but have been temporarily reimposed in Jamaica from December, 1918.26 The rates levied upon agricultural produce in Trinidad in 1919 and 1920 are as follows:27

<table>
<thead>
<tr>
<th>Article</th>
<th>1919</th>
<th>1920</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar, per 1,000 pounds</td>
<td>$0.48</td>
<td>$0.72</td>
</tr>
<tr>
<td>Rum, per gallon</td>
<td>0.01</td>
<td>0.06</td>
</tr>
<tr>
<td>Molasses, per gallon</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Cocoas, per 100 pounds</td>
<td>0.14</td>
<td>0.21</td>
</tr>
<tr>
<td>Coconuts, per 1,000 nuts</td>
<td>1.09</td>
<td>2.10</td>
</tr>
<tr>
<td>Copra, per 100 pounds</td>
<td>1.20</td>
<td>0.06</td>
</tr>
<tr>
<td>Cedar, per cubic foot</td>
<td>0.04</td>
<td>0.06</td>
</tr>
</tbody>
</table>

The rates of the export duties are all low. In Honduras the average rate paid in 1913–14 was 1.1 per cent upon all dutiable exports. In Guiana, in addition to the war duties on sugar, rum, rice, balata, charcoal, and firewood, there is an "invoice, shipping bill, or specification tax" of 1½ per cent ad valorem upon all produce exported, and a colonization tax of 1 per cent upon all produce except sugar. In Grenada the export duties collected in 1919 were 1.38 per cent of the total value of the exports or 1.39 per cent of the dutiable products exported.28

24 Law 17 of 1920. Other islands have similar laws.
25 British Honduras levied 30 percent ad val. on the liquors exported in 1919-20, but for 1921 the rate is 10 per cent. The tariff of July 1, 1919, in the Bahamas levied an ad valorem duty of 5 per cent on sponges, but the act approved June 6, 1921, removed the duty on sponges and sisal. Older export duties in the Bahamas were on minor items of trade—wrecked goods, sisal and pineapple slips, guano and cave earths. Turks and Caicos has a specific duty on the export of sisal plants. The duties of St. Christopher-Nevis and Antigua are on sliding scales. The Seychelles have export duties of 1 rupee a ton on guano, phosphate rock, prepared fertilizer, and mangrove bark; 1 rupee per hectoliter on whale oil and 2 rupees a ton on cinnamon bark. These are all minor items of the export trade.
26 The repeal of certain of Jamaica's export duties is forecast in The Times Trade Supplement, Apr. 23, 1921.
27 Commerce Reports, Mar. 8, 1920. The rates on sugar have been increased to 8 shillings plus 3 shillings. (B. T. J., Jan. 13, 1921.) Trinidad has also a duty on asphalt.
28 Additional duties have been levied for 1921, e.g., 1 shilling per hundredweight, in addition to 1 shilling 3 pence, or 7½ pence, according as the London price exceeds or does not exceed 50 shillings per hundredweight.
PREFERENCES.

Much more important than the sporadic preferences heretofore referred to, granted on occasional items in various colonies, are those which constitute an organized system in the West Indian colonies. This system is summarized on pages 362-367 and its origin is described on pages 696 ff. A remnant of a preference which dates back probably to the old colonial system is seen in the preferential duty on coffee imported into Jamaica. By a law at least as early as 1867 coffee from non-British sources was entirely prohibited and a rate of 1 pound sterling per hundred pounds on raw coffee and of 2 pounds sterling on roasted coffee was imposed on British colonial coffee. The rate has remained unchanged; likewise the prohibition.29

In the Seychelles dogs where imported from the United Kingdom pay only 3 rupees per head, while from any other source they pay 8.

GROUP 6.—COLONIES WHICH IMPOSE IMPORT DUTIES, SPECIFIC OR AD VALOREM, ON MOST ARTICLES, AND USUALLY EXPORT DUTIES—MALTA AND CYPRUS, CEYLON, MAURITIUS, BRITISH NORTH BORNEO, BRUNEI, AND FIJI ISLANDS.

This group includes the possessions not elsewhere classified with the exception of India; it is not, however, a miscellaneous group; the tariffs of the colonies here named have a community of characteristics. The island of Borneo is divided between the British and the Dutch, the major part of its area being Dutch. The British portion on the north is divided from northeast to southwest into the territory of the British North Borneo Co. and the protectorates over the native States of Brunei and Sarawak, the last named, however, having an English rajah. Brunei is under the jurisdiction of the governor of the Straits Settlements, who is high commissioner for all the Malay States federated or nonfederated. Mauritius lies east of Madagascar; Malta, south of Sicily; Ceylon, south of India. Cyprus, off the coast of Asia Minor, was annexed in November of 1914, having previously been administered on behalf of Turkey under the convention of June 4, 1878.

As these scattered colonies have been grouped only because of the similarity of their tariffs it is not surprising that they illustrate unusually well the diversity of the British Empire. Most of the Cypriotes are Greeks, but Ottoman Turks constitute one-fifth of the population. The new constitution of Malta (1920) recognizes English, Italian, and Maltese as the languages which may be used in parliamentary debates and Italian will continue to be the official language of record in the law courts.30 In Mauritius French is spoken even by the British residents;31 two-thirds of the popula-

29 A similar provision in regard to rum, apparently equally old, was dropped in 1899 after the rate had been raised in 1894. A preference in which the United States shared was dropped by the act of Mar. 22, 1916, the act which increased the general ad valorem rate to 162 per cent and removed 25 items from the free list. Jamaica levies a duty of £2 per head on cattle and other rates on other animals, but for some years prior to 1916 dairy cows and heifers bred in and imported from the United Kingdom, British possessions, India, and the United States, and pure-bred horses, cattle, pigs, sheep, goats, and rabbits imported specially for breeding purposes from the countries named were admitted free.

30 The Times (London), June 15, 1920. “The new constitution will put Malta on the same footing as the self-governing Dominions of the Empire.” This is an overstatement, since the governor may legislate on the subjects of defense, external trade, immigration, coinage, and foreign relations. (See also The Times, Nov. 1, 1921.)

tion, however, are now East Indian, and there are also numbers of Chinese, Negroes, and Malagasys. Brunei and North Borneo are inhabited by Malays and Dyaks and several less civilized peoples. The original Melanesians still constitute the numerical majority of the population of the Fiji Islands, but the labor market is controlled by the East Indians and the Chinese are an important factor in trade.\(^32\) The area and population of these colonies and the value of their imports and exports in 1913 and 1918 or 1918–19 are shown in Tables 23 and 24.

**Table 23.—Area and population of the colonies in Group 6.**

<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Population</th>
<th>Population per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>White</td>
</tr>
<tr>
<td>Ceylon</td>
<td>25,481</td>
<td>5,402,000</td>
<td>7,300</td>
</tr>
<tr>
<td>Mauritius(^4)</td>
<td>809</td>
<td>385,000</td>
<td></td>
</tr>
<tr>
<td>Fiji</td>
<td>7,083</td>
<td>103,000</td>
<td>6,700</td>
</tr>
<tr>
<td>British North Borneo</td>
<td>31,106</td>
<td>2,086,000</td>
<td>6,555</td>
</tr>
<tr>
<td>Brunei</td>
<td>4,000</td>
<td>32,000</td>
<td></td>
</tr>
<tr>
<td>Malta (and Gozo)</td>
<td>118</td>
<td>225,000</td>
<td></td>
</tr>
<tr>
<td>Cyprus</td>
<td>2,584</td>
<td>311,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>72,181</td>
<td>5,826,000</td>
<td></td>
</tr>
</tbody>
</table>

1 Statesman's Year-Book, 1920.
2 Census of 1921, provisional figure. Sinhalese estimated (1918) at 2,989,000; Tamils, at 1,352,000.
3 Mauritius and dependencies. Mauritius has an area of 720 square miles. The Island of Rodriguez, 345 miles distant, is the chief of the dependencies. Its area is 40 square miles; population in 1911, 4,820; total trade in 1917, £44,000.

**Table 24.—Total imports and exports of the colonies in Group 6, 1913 and 1918.**

<table>
<thead>
<tr>
<th>Colony</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913 or 1913-14</td>
<td>1918 or 1918-19</td>
</tr>
<tr>
<td>Ceylon</td>
<td>13,309</td>
<td>11,849</td>
</tr>
<tr>
<td>Mauritius</td>
<td>2,493</td>
<td>2,941</td>
</tr>
<tr>
<td>Fiji</td>
<td>604</td>
<td>1,166</td>
</tr>
<tr>
<td>British North Borneo</td>
<td>155</td>
<td>761</td>
</tr>
<tr>
<td>Brunei</td>
<td>15</td>
<td>42</td>
</tr>
<tr>
<td>Malta</td>
<td>2,359</td>
<td>2,864</td>
</tr>
<tr>
<td>Cyprus</td>
<td>679</td>
<td>1,014</td>
</tr>
<tr>
<td>Total</td>
<td>20,621</td>
<td>20,557</td>
</tr>
</tbody>
</table>

Ceylon is easily the most important colony of the group. Coconuts, tea, rice, and rubber in descending scale occupy the largest acreages but Ceylon imports rice. Tea and coconut products had been the leading exports until in 1917, when the rapidly increasing rubber plantations gave the first place to rubber.\(^33\) In 1919, 106,000,000 pounds of rubber were exported of which 71,000,000 pounds

\(^{32}\) Commerce Reports, Dec. 8, 1919, quoting the Board of Trade Journal.

\(^{33}\) In 1918 the quantity of rubber exported was one-third less than in the previous year and the value only one-half as great.
were sent to the United States. Other exports are plumbago, areca nuts, cocoa, cinnamon, and oil of citronella. Table 25 shows the values of the chief imports and exports for 1917.

Table 25.—Chief imports and exports of Ceylon, 1917.

[In thousands of pounds sterling.]

<table>
<thead>
<tr>
<th>Imports</th>
<th>1917</th>
<th>Exports</th>
<th>1917</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>3,959</td>
<td>Rubber</td>
<td>8,731</td>
</tr>
<tr>
<td>Cotton manufactures</td>
<td>980</td>
<td>Tea</td>
<td>6,378</td>
</tr>
<tr>
<td>Coal and coke</td>
<td>672</td>
<td>Coconuts and products</td>
<td>2,252</td>
</tr>
<tr>
<td>Sugar, raw and refined</td>
<td>494</td>
<td>Copra</td>
<td>881</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>335</td>
<td>Coconut oil</td>
<td>672</td>
</tr>
<tr>
<td>Spirits</td>
<td>76</td>
<td>Coconut, desiccated</td>
<td>624</td>
</tr>
<tr>
<td>Bullion and specie</td>
<td>75</td>
<td>Coir (and manufactures)</td>
<td>54</td>
</tr>
<tr>
<td>All other</td>
<td>5,639</td>
<td>Plumbago</td>
<td>1,453</td>
</tr>
<tr>
<td>Total</td>
<td>12,230</td>
<td>Total</td>
<td>20,774</td>
</tr>
</tbody>
</table>

The distribution of Ceylon’s trade in 1913, 1918, and 1919 is shown in Table 26.

Table 26.—Distribution of the trade of Ceylon, 1913, 1918, and 1919.  

<table>
<thead>
<tr>
<th>Country</th>
<th>1913</th>
<th>1918</th>
<th>1919</th>
<th>1913</th>
<th>1918</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>British India and Burma</td>
<td>44.62</td>
<td>57.59</td>
<td>64.31</td>
<td>2.35</td>
<td>10.00</td>
<td>6.83</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>29.20</td>
<td>16.11</td>
<td>14.16</td>
<td>45.54</td>
<td>44.72</td>
<td>42.13</td>
</tr>
<tr>
<td>Straits Settlements</td>
<td>6.12</td>
<td>3.83</td>
<td>3.80</td>
<td>0.08</td>
<td>0.04</td>
<td>0.06</td>
</tr>
<tr>
<td>Japan</td>
<td>2.20</td>
<td>3.44</td>
<td>3.33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>1.28</td>
<td>3.17</td>
<td>3.16</td>
<td>16.63</td>
<td>17.78</td>
<td>33.52</td>
</tr>
</tbody>
</table>

The increasing percentage of exports to the United States is due largely to the development of rubber plantations. The quantities and values of the chief articles exported to the United States in 1919 are shown in Table 27, in which the rupee has been converted at $0.40, which was approximately its average value during the year.

Table 27.—Exports of Ceylon to the United States, 1919.  

<table>
<thead>
<tr>
<th>Article</th>
<th>Quantity</th>
<th>Value</th>
<th>Article</th>
<th>Quantity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubber, pounds</td>
<td>71,386,000</td>
<td>$24,892,000</td>
<td>Cinnamon, pounds</td>
<td>1,530,000</td>
<td>$287,000</td>
</tr>
<tr>
<td>Coconut, desiccated, do.</td>
<td>36,129,000</td>
<td>4,036,000</td>
<td>Citronella oil, do.</td>
<td>378,000</td>
<td>101,000</td>
</tr>
<tr>
<td>Oil, coconut, do.</td>
<td>16,735,000</td>
<td>1,941,000</td>
<td>Precious stones</td>
<td>87,000</td>
<td>86,000</td>
</tr>
<tr>
<td>Tea, do.</td>
<td>17,968,000</td>
<td>3,770,000</td>
<td>Cardamoms, pounds</td>
<td>67,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Tea waste, do.</td>
<td>2,652,000</td>
<td>120,000</td>
<td>All other</td>
<td>67,000</td>
<td>67,000</td>
</tr>
<tr>
<td>Plumbago, tons</td>
<td>4,000</td>
<td>613,000</td>
<td>Total</td>
<td>36,520,000</td>
<td>36,520,000</td>
</tr>
<tr>
<td>Coco, pounds</td>
<td>1,493,000</td>
<td>374,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Supplement to Commerce Reports, No. 54a, Dec. 6, 1920. The figures for imports do not include government stores. Their value in 1918 was $3,532,000 (6.1 per cent of the value of the merchandise imported). The bulk came from the United Kingdom, but Japan supplied $274,000 and the United States $132,000 (ib., p. 8).

Mauritius and Fiji are sugar colonies; the former exports minor quantities of coconut oil and aloe fiber; the latter, copra, fruit, and cattle. The development of North Borneo has only begun. There are a few rubber plantations and rubber is already the leading export. Other exports are tobacco and timber. Brunei exports coal, cutch, and rubber. Malta and Cyprus are in a state of high cultivation, particularly the former. Malta’s population of over 1,800 to the square mile maintains itself not by manufacture but by the intensive cultivation of small patches of ground, the crops which yield the largest surplus for exportation being potatoes, oranges, lemons, onions, and corn. Manufacturing industries are of minor importance and include little other than cottons, filigree work, and cigars. The largest item of export trade in Cyprus is carobs (locust beans); other exports are fruits and cereals, raisins and wine, and animals.

**TARIFS.**

Import duties.—The tariffs in this group are set forth in schedules having up to about 200 classifications; where the number is considerably less, the use of general terms makes up the deficiency. Brunei, which has the shortest list, has items such as iron and ironware, including agricultural implements; spices; tinned or preserved provisions of all kinds; fancy goods, including watches, clocks, cameras, jewelry, and sporting goods. In this case there is no catch-all class for goods not specified and no free list; elsewhere there is an ad valorem rate on articles not enumerated and not on the free list—5 per cent in North Borneo, 7½ per cent in Malta and Ceylon, 8 per cent in Cyprus, 12 per cent in Mauritius, and 12½ per cent in the Fiji Islands. The extensive schedules of these tariffs, however, render these general rates for unenumerated articles of little significance. The characteristic rate in Cyprus, North Borneo, and Papua is 10 per cent, which appears for most of the classes of manufactured articles. All of these tariffs except that of Mauritius have numerous ad valorem rates; generally the rates on foodstuffs, liquors, and tobaccos and some others are specific, and those on manufactured articles are ad valorem. In Brunei the ad valorem rates are 5 or 10 per cent, roughly, according as the articles are regarded as necessities or as luxuries; in Malta similar rates have been scaled up to reach 20 per cent ad valorem. Elsewhere the ad valorem rates are usually the same as those on articles not specified, but a few higher rates appear, and some are lower, e. g., metals in Ceylon, 24 per cent; and certain railway material in the Fiji Islands, 7½ per cent. (But see p. 371.)

81 See Commerce Reports, July 9, 1920, p. 164, for the recent prosperity of this colony.
82 The rate in Ceylon was raised from 3 to 7½ per cent in June, 1917.
83 In Malta before the war the dutiable list was confined to alcoholic beverages, tobacco, sugar, grains and pulse, potatoes, olive and cottonseed oils, animals and meats. The ad valorem rates introduced during the war were at first limited to 5 per cent; this rate was extended early in 1918 to all unenumerated articles and at the same time selected articles were raised to 10 per cent; the schedule of Nov. 19, 1930, scales many, of these rates up to 7½, 10, 15, or 20 per cent, and prescribes that in converting foreign currencies for the assessment of ad valorem duties, current rates of exchange shall be used.
84 During the war Ceylon’s rate on motor cars reached 100 per cent (February, 1917). The number imported in 1916 was 570; in 1917, 10. On Mar. 7, 1919, the rate of duty was reduced to the normal 7½. Cyprus levies 2½ per cent on arms and 20 per cent on carriages and pertumery. The minor importance of the ad valorem duties in Ceylon may be seen in the fact that in 1913 when the common ad valorem rate was 6½ per cent the average duty collected on all imports was 7.52 per cent, but in spite of the increase to 7½ per cent of the common ad valorem rate (June, 1917) the average duty collected fell in 1917 to 7.08 per cent and in the following year to 6.24 per cent of the value of the total imports.
The free lists are extensive, though not so long as in the West Indies. Ceylon enumerates 23 kinds of machinery which enter free.\(^9\) The Fiji Islands have the smallest list and Papua the greatest. The articles which appear generally on these lists are much the same as those mentioned in previous lists.

The figures for the trade and for the customs revenue of Ceylon show that in 1914 the average ad valorem rate of duty on all imports and exports was 3\(\frac{1}{2}\) per cent. Before June, 1917, however, the general import rate in Ceylon (including that on motor cars) was 5\(\frac{1}{4}\) instead of 7\(\frac{1}{2}\) per cent, cottons paid 4 instead of 5\(\frac{1}{4}\) per cent, and metals were free. Figures available for the Fiji Islands show that duty-free imports decreased as follows: 1908, 18 per cent; 1912, 16 per cent; 1916, 15 per cent; 1918, 11 per cent. Separate figures for revenue from import and export duties in 1915 show that the export duties on bananas, the only duty in force then, yielded only £4,000, while the import duties yielded £145,500. In the Fiji Islands the value of exports normally exceeds that of imports, and the exports increased rapidly in the years before 1916, while the imports remained practically stationary. The average rate of import duty upon all imports was in 1915, 16.6 per cent; in 1915, 16.4 per cent; and in 1919, 14.5 per cent.

\textit{Export duties}.—With the exception of Malta, which levies no export duties, these colonies have more or less extensive schedules. These duties are specific, except that about one-half of British North Borneo’s 40 items pay 10 per cent ad valorem. Brunei has 15 items; the others not so many.\(^{40}\) In general all the more important exports are taxed, but in North Borneo cultivated rubber, coffee, and some other items are free. Rubber constituted in 1914 one-fourth, in 1916 one-half, and in 1918 two-thirds of the total exports.

In Cyprus one-half of the duties are "tithe dues" levied upon exportation in lieu of older agricultural taxes, but there is an "export duty" on wine, spirits, and vinegar, and royalties on all minerals. In the Fiji Islands the previous export duty on bananas was doubled from January 1, 1913, and the duties on copra, sugar, and green fruit were imposed in 1916. The rates are very low. North Borneo has much increased its list of export duties since 1908, and in Ceylon and elsewhere the same tendency is seen.

\textit{Preferential tariff of Cyprus}.—In Cyprus a differential tariff was introduced in 1920. The preference is granted to all dutiable articles produced in and consigned from any part of the British Empire, but the differential exceeds 3\(\frac{1}{2}\) per cent only for a few articles. See page 360 for a full description of the rates, and for the short-lived preferential tariff of Malta. For the differential tariff of Fiji see page 371.

V. THE TARIFF OF INDIA.

The tariff of India, although it does not differ greatly from those of Group 6, calls for separate consideration because of the commercial importance of India. The total foreign trade of India in 1913–14

\(^{9}\) In Mauritius machinery, fertilizers, disinfectants, insecticides, and chemicals for use in industry are dutiable, but the rates come only to 14 cents or less per 100 pounds.

\(^{40}\) Cyprus has 19 items, including "tithe dues" and "royalties."

\(^{4}\) In 1918 Ceylon’s export duty on rubber was temporarily reduced from 2.4 cents a pound to 0.9 cent, because of the fall in prices. The export duties on copra and coconut oil were suspended through 1918. In 1917 the export duties yielded 2.94 per cent of the value of total exports. The rate on plumbago is 3 per cent ad valorem.
exceeded $1,700,000,000, i. e., it was roughly two-fifths that of the United States for the same year. From the commercial point of view, India was before the war easily the greatest dependency in the world. Its foreign trade was much greater than that of Canada, about three times that of the whole French colonial empire, and excluding the British self-governing Dominions, greater than the combined trade of all the other colonies of the world. During the war, however, the trade of India remained stationary in value while that of Canada and of many other colonies vastly increased.

POPULATION AND COMMERCE.

AREA AND POPULATION.

The Empire of India consists of British India, which is under the direct administration of the English, and of Native States which are administered by Indian princes under greater or less supervision of British officials. India may well claim the title of Empire, not only by reason of area and population but because there are no less than 700 of these Native States under its government, not including looser relations, such as those of Baluchistan, Nepal, and Bhutan. Though over 300,000 of the population speak English, there are 33 languages more widely spoken, of which 11 are used by from 10,000,000 to 82,000,000 persons each. The area and population of this empire and of the chief Provinces and the largest Native States are shown in Table 28.

Table 28.—Area and population of India.

<table>
<thead>
<tr>
<th>States and provinces</th>
<th>Area (square miles)</th>
<th>Population in 1911</th>
<th>Population per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>British India</td>
<td>1,095,000</td>
<td>244,221,000</td>
<td>223</td>
</tr>
<tr>
<td>Native States</td>
<td>710,000</td>
<td>70,889,000</td>
<td>100</td>
</tr>
<tr>
<td>Total India</td>
<td>1,805,000</td>
<td>315,110,000</td>
<td>175</td>
</tr>
<tr>
<td>Chief Provinces:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Provinces</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bengal</td>
<td>107,267</td>
<td>74,182,000</td>
<td>690</td>
</tr>
<tr>
<td>Madras</td>
<td>145,330</td>
<td>1,140,000</td>
<td>7,919</td>
</tr>
<tr>
<td>Bihar and Orissa</td>
<td>83,151</td>
<td>54,490,000</td>
<td>654</td>
</tr>
<tr>
<td>Punjab</td>
<td>99,779</td>
<td>19,975,000</td>
<td>200</td>
</tr>
<tr>
<td>Bombay</td>
<td>122,970</td>
<td>19,673,000</td>
<td>159</td>
</tr>
<tr>
<td>Central Provinces and Berar</td>
<td>99,823</td>
<td>13,916,000</td>
<td>139</td>
</tr>
<tr>
<td>Burma</td>
<td>230,580</td>
<td>12,115,000</td>
<td>52</td>
</tr>
<tr>
<td>Largest Native States:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hyderbad</td>
<td>52,698</td>
<td>13,375,000</td>
<td>254</td>
</tr>
<tr>
<td>Mysore</td>
<td>29,475</td>
<td>5,906,000</td>
<td>178</td>
</tr>
<tr>
<td>Baroda</td>
<td>8,152</td>
<td>2,030,000</td>
<td>254</td>
</tr>
<tr>
<td>Kashmir</td>
<td>84,482</td>
<td>3,155,000</td>
<td>37</td>
</tr>
</tbody>
</table>

1 Statesman's Year-Book, 1920, subtracting the population of Aden (46,000). Aden was long politically a part of India but was transferred to the colonial office from Mar. 1, 1921. For its tariff, see p. 293.

2 Dense as is the population of India, considerable land remains uncultivated. In Assam, Burma, and the North West Frontier Provinces (with populations of 127, 59, and 104, respectively, per square mile in 1911) the "culurable waste other than fallow" in 1916 was 42,100,000 acres and only 32,700,000 acres were actually cropped or "current fallow." In the rest of British India (i.e., the other Indian Provinces, but excluding the Native States included within their boundaries) the culurable waste was 70,200,000 acres as compared to 214,800,000 cropped and fallow. British India and Burma also included 85,200,000 acres of forest and 143,200,000 not adaptable to cultivation. (Statistical Abstract of British India, 1907-8 to 1916-17.) In 1917-18, 46,000,000 acres in India were under irrigation. State irrigation works accounted for 26,000,000. (Statesman's Year-Book, 1920, p. 139.)

3 Preliminary figures of the census of Mar. 16, 1921, show a total population of over 319,000,000, but decreases in the United Provinces (2,500,000), Bihar and Orissa (1,400,000), and Bombay (1,800,000).
India is an agricultural country. According to the census of 1911 over two-thirds of the population were engaged in pastoral and agricultural pursuits, and only 11 per cent were engaged in industry. The acreage devoted to the chief crops is shown in Table 29.

**Table 29.---Acreage devoted to the chief crops of India, 1917-18.**

<table>
<thead>
<tr>
<th>Crop</th>
<th>Millions of acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>81</td>
</tr>
<tr>
<td>Millet</td>
<td>35</td>
</tr>
<tr>
<td>Wheat</td>
<td>26</td>
</tr>
<tr>
<td>Barley</td>
<td>5</td>
</tr>
<tr>
<td>Maize</td>
<td>5</td>
</tr>
<tr>
<td>Other grains and pulse</td>
<td>47</td>
</tr>
<tr>
<td>Fruits, spices, vegetables, etc.</td>
<td>8.3</td>
</tr>
<tr>
<td>Fodder crops</td>
<td>8.1</td>
</tr>
</tbody>
</table>

The chief mineral products of India are coal, gold, manganese ore, salt, tungsten, salt peter, and mica. Special importance attaches to Indian manganese, tungsten ore (wolfram), and mica, and in the last two named, India holds a commanding position in the world’s supply. The values of the chief minerals produced in India in 1917 are shown in Table 30.

**Table 30.---Values of minerals produced in India in 1917.**

<table>
<thead>
<tr>
<th>Mineral</th>
<th>Value (in thousands of pounds sterling)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>4,512</td>
</tr>
<tr>
<td>Gold</td>
<td>2,852</td>
</tr>
<tr>
<td>Petroleum</td>
<td>1,993</td>
</tr>
<tr>
<td>Manganese ore</td>
<td>1,901</td>
</tr>
<tr>
<td>Salt</td>
<td>917</td>
</tr>
<tr>
<td>Salt peter</td>
<td>538</td>
</tr>
<tr>
<td>Lead</td>
<td>509</td>
</tr>
<tr>
<td>Mica</td>
<td>4,508</td>
</tr>
</tbody>
</table>

By far the greater part of the Indian industry is still in the handicraft stage, but modern large-scale power mills are being introduced. Over one-half million operatives are employed in the textile mills. The 74 mills making jute yarns and textiles average over 3,500 employees each. Jute and cotton ginning and pressing mills employ another 150,000, and two important steel and iron plants engage the services of 17,000 men. Other industries operating on up-to-date lines are rice mills, printing establishments, tanneries, tile and brick yards, sawmills, oil refineries, and sugar and tobacco factories.

Table 31 gives a few figures to illustrate the increase in the production of manufactured goods in India. The two jute products show the most rapid progress.

**Table 31.---Output of chief products of Indian industry.**

<table>
<thead>
<tr>
<th>Products</th>
<th>Average, 1896-7 to 1900-01</th>
<th>Average, 1901-2 to 1905-6</th>
<th>Average, 1911-12 to 1915-16</th>
<th>Average, 1915-16 to 1917-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton goods, gray</td>
<td>81</td>
<td>110</td>
<td>192</td>
<td>232</td>
</tr>
<tr>
<td>Cotton goods, other</td>
<td>11</td>
<td>325</td>
<td>66</td>
<td>97</td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>444</td>
<td>577</td>
<td>629</td>
<td>651</td>
</tr>
<tr>
<td>Jute bags</td>
<td>171</td>
<td>206</td>
<td>324</td>
<td>447</td>
</tr>
<tr>
<td>Gunny cloth</td>
<td>182</td>
<td>297</td>
<td>383</td>
<td>417</td>
</tr>
<tr>
<td>Wollen goods</td>
<td>3.6</td>
<td>5</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

---

*a* See list in Board of Trade Journal, Sept. 1, 1921.

*b* 1894-5 to 1899-1900.

*c* 1900-01 to 1903-4.

*d* Exports only; not total production.

*e* Statistical Abstract relating to British India for the year 1917-18 (pp. 128, 9).

*f* Statistical Abstract relating to British India for 1917-18, p. 237.

**Values given for manganese ore and mica are export figures instead of production figures.**
Naturally the articles manufactured in India are consumed largely in the local market, but there is also a considerable export trade in articles wholly or mainly manufactured. Table 32 shows the values of the chief items of this class for the year 1918-19.

**Table 32.—Exports from India of articles wholly or mainly manufactured, 1918-19.**

[In thousands of pounds sterling.]

<table>
<thead>
<tr>
<th>Article.</th>
<th>Value.</th>
<th>Percent-</th>
<th>Article.</th>
<th>Value.</th>
<th>Percent-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>age of</td>
<td></td>
<td></td>
<td>age of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the</td>
<td></td>
<td></td>
<td>the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>exports</td>
<td></td>
<td></td>
<td>exports</td>
</tr>
<tr>
<td></td>
<td></td>
<td>of</td>
<td></td>
<td></td>
<td>of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian</td>
<td></td>
<td></td>
<td>Indian</td>
</tr>
<tr>
<td></td>
<td></td>
<td>products.</td>
<td></td>
<td></td>
<td>products.</td>
</tr>
<tr>
<td>Jute:</td>
<td></td>
<td></td>
<td>Hides,</td>
<td>4,745</td>
<td>3.0</td>
</tr>
<tr>
<td>Gunny</td>
<td>13,795</td>
<td>12.4</td>
<td>tanned</td>
<td></td>
<td>1.1</td>
</tr>
<tr>
<td>cloth...</td>
<td></td>
<td></td>
<td>or</td>
<td>1,748</td>
<td>1.3</td>
</tr>
<tr>
<td>Gunny</td>
<td>13,889</td>
<td>4.3</td>
<td>dressed.</td>
<td>2,096</td>
<td>1.5</td>
</tr>
<tr>
<td>bags...</td>
<td></td>
<td></td>
<td></td>
<td>749</td>
<td></td>
</tr>
<tr>
<td>Cotton,</td>
<td>4,516</td>
<td>3.0</td>
<td>Opium</td>
<td>5,336</td>
<td>3.3</td>
</tr>
<tr>
<td>twist</td>
<td></td>
<td></td>
<td>Paraffin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and yarn.</td>
<td></td>
<td></td>
<td>wax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Piece</td>
<td>2,981</td>
<td>1.8</td>
<td>All other</td>
<td>5,336</td>
<td>3.3</td>
</tr>
<tr>
<td>goods,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>colored,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>printed,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>dyed...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Piece</td>
<td>1,224</td>
<td>.8</td>
<td>Total manufactures</td>
<td>58,220</td>
<td>36.5</td>
</tr>
<tr>
<td>goods,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>gray</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(un-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>bleached)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Annual Statement of the Sea-borne Trade of British India for 1919.

India remains, however, a producer of raw materials and an importer of manufactured goods, as may be seen by the following percentages, which show the proportion of India’s trade which was made up of articles mainly or wholly manufactured in the years 1912-13, 1913-14, 1917-18, and 1918-19, respectively: Imports, 76.4, 79.2, 73.1, and 73 per cent; exports, 23.7, 22.4, 31.2, and 36.6 per cent.45

In 1918 companies incorporated in India exceeded 2,600 in number, with a paid-up capital of £66,000,000.46 There are, of course, many companies doing a business in India which are incorporated elsewhere.

**Trade of India.**

Tables 33 to 39, inclusive, are presented to show the chief features of the trade of India. They relate only to its sea-borne commerce, and unless otherwise stated omit bullion and specie, Government stores, and reexports not of Indian production. Table 33 shows the steady growth of Indian trade up to the outbreak of the war.

---

45 The percentage is reckoned on the exports of Indian production, £159,339,000. The figure of Table 33 includes reexports.

TABLE 33.—Growth of the trade of India—Trade in merchandise, including Government stores.

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal year ended Mar. 31:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1855 to 1859, average.</td>
<td>29,898</td>
<td>54,703</td>
<td>84,601</td>
</tr>
<tr>
<td>1875 to 1879, average.</td>
<td>35,530</td>
<td>52,810</td>
<td>88,340</td>
</tr>
<tr>
<td>1885 to 1889, average.</td>
<td>45,125</td>
<td>65,155</td>
<td>110,280</td>
</tr>
<tr>
<td>1900 to 1904, average.</td>
<td>45,598</td>
<td>84,707</td>
<td>130,305</td>
</tr>
<tr>
<td>1904 to 1909, average.</td>
<td>56,432</td>
<td>83,241</td>
<td>139,733</td>
</tr>
<tr>
<td>1910 to 1914, average.</td>
<td>79,899</td>
<td>110,296</td>
<td>190,195</td>
</tr>
<tr>
<td>1914-15</td>
<td>101,113</td>
<td>149,457</td>
<td>250,560</td>
</tr>
<tr>
<td>1915-16</td>
<td>96,621</td>
<td>121,451</td>
<td>218,072</td>
</tr>
<tr>
<td>1916-17</td>
<td>91,682</td>
<td>132,957</td>
<td>224,639</td>
</tr>
<tr>
<td>1917-18</td>
<td>106,833</td>
<td>134,874</td>
<td>241,707</td>
</tr>
<tr>
<td>1918-19</td>
<td>102,367</td>
<td>132,263</td>
<td>234,630</td>
</tr>
</tbody>
</table>

Calendar years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1899</td>
<td>2,204,207</td>
<td>1,223,680</td>
<td>3,427,887</td>
</tr>
<tr>
<td>1920</td>
<td>215,287</td>
<td>194,620</td>
<td>409,907</td>
</tr>
</tbody>
</table>

1 From Annual Statement of the Sea-borne Trade of British India for the fiscal year 1918-19. Earlier figures are from the Review of the Trade of India for 1917-18 and preceding years.

Table 34 brings out the fact that India’s adverse balance of trade in 1920 is unprecedented. India normally imports considerable quantities of gold and silver—the total for the last 33 years is said to be £671,560,000.

Table 34 shows that Great Britain had been for decades slowly losing her practical monopoly of India’s import trade, but that in the dozen years before the war it was the British possessions rather than the United Kingdom whose trade with India failed to develop as rapidly as India’s total imports and thus allowed foreign countries to increase their shares.

TABLE 34.—Share of the British Empire in the trade of India before the war.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of imports</th>
<th>Percentage of exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1885-86</td>
<td>1902-3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>80.4</td>
<td>66.5</td>
</tr>
<tr>
<td>British possessions</td>
<td>10.3</td>
<td>9.5</td>
</tr>
<tr>
<td>Other countries</td>
<td>9.3</td>
<td>24</td>
</tr>
</tbody>
</table>

1 These figures are overstatements to the extent that exports, particularly to Singapore and Hongkong, pass through to foreign countries. The committee appointed in April, 1920, by the Government of India to consider the question of imperial preference makes an allowance of the round figure of £5,000,000 for this item for the year 1913-14, and this allowance reduces the share of British possessions in the exports of India from 14 to 11 per cent and increases that of foreign countries to 65.5. Similar allowances should be made in the preceding columns.

These percentages, however, do not tell the whole story. The trade of India was growing rapidly up to the outbreak of the war and the increase in the total value of imports from Great Britain greatly exceeded that from all other countries combined. The increase shown by the figures for 1913-14 as compared with those of 1900-1901 was for Great Britain £45,937,000 and for all other countries £25,376,000.
Table 35 shows the average shares of the leading countries in the trade of India for the years immediately preceding the war, and for the individual years during the war period. It brings out the rapid increase in the trade of the United States and Japan through a period when India's trade was stationary.

Table 35.—Shares of the leading countries in the trade of India before and during the war.1

<table>
<thead>
<tr>
<th>PERCENTAGE OF IMPORTS.</th>
<th>Prewar average 1909-10 to 1913-14</th>
<th>1914-15</th>
<th>1915-16</th>
<th>1916-17</th>
<th>1917-18</th>
<th>1918-19</th>
<th>1919-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>62.8</td>
<td>67.4</td>
<td>59.4</td>
<td>58.7</td>
<td>54.4</td>
<td>45.5</td>
<td>50.5</td>
</tr>
<tr>
<td>Japan</td>
<td>2.5</td>
<td>3.3</td>
<td>5.7</td>
<td>8.9</td>
<td>12.1</td>
<td>19.8</td>
<td>9.2</td>
</tr>
<tr>
<td>United States</td>
<td>3.1</td>
<td>3.5</td>
<td>6.9</td>
<td>7.3</td>
<td>7.9</td>
<td>9.5</td>
<td>12.1</td>
</tr>
<tr>
<td>Java</td>
<td>6.4</td>
<td>5.9</td>
<td>10.2</td>
<td>8.9</td>
<td>7.8</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Straits Settlements</td>
<td>2.1</td>
<td>2.4</td>
<td>2.9</td>
<td>2.6</td>
<td>3.5</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>To</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>25.1</td>
<td>31.7</td>
<td>38.0</td>
<td>33.1</td>
<td>25.6</td>
<td>28.5</td>
<td>29.6</td>
</tr>
<tr>
<td>Japan</td>
<td>7.5</td>
<td>8.6</td>
<td>9.4</td>
<td>11.5</td>
<td>14.1</td>
<td>11.6</td>
<td>14.3</td>
</tr>
<tr>
<td>United States</td>
<td>7.5</td>
<td>9.6</td>
<td>10.8</td>
<td>12.7</td>
<td>12.6</td>
<td>13.1</td>
<td>14.9</td>
</tr>
<tr>
<td>Egypt</td>
<td>0.8</td>
<td>1.0</td>
<td>1.1</td>
<td>1.3</td>
<td>10.2</td>
<td>5.8</td>
<td></td>
</tr>
<tr>
<td>Ceylon</td>
<td>3.7</td>
<td>4.2</td>
<td>4.7</td>
<td>4.3</td>
<td>4.1</td>
<td>4.2</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>6.6</td>
<td>4.9</td>
<td>4.8</td>
<td>5.9</td>
<td>3.6</td>
<td>3.5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERCENTAGE OF EXPORTS.</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>From</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>19.9</td>
<td>14.0</td>
<td>12.0</td>
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<td>10.6</td>
<td>10.6</td>
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<tr>
<td>Japan</td>
<td>10.5</td>
<td>10.5</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
</tr>
<tr>
<td>United States</td>
<td>10.5</td>
<td>10.5</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
</tr>
<tr>
<td>Java</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Straits Settlements</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>To</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>22.8</td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Japan</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
</tr>
<tr>
<td>United States</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
<td>11.6</td>
</tr>
<tr>
<td>Egypt</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Ceylon</td>
<td>4.2</td>
<td>4.2</td>
<td>4.2</td>
<td>4.2</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>France</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>

1 Review of Trade of India in 1918-19 and preceding years. (B. T. J., Apr. 14, 1921.) In 1920-21 the shares of the United Kingdom, United States, and Japan in India's import trade were respectively 61, 10.5, and 7.9 per cent. Of the export trade, the United Kingdom's share fell to 22 per cent and Japan's to 9.5 per cent. (B. T. J., Dec. 1, 1921.)

As in other colonial empires, the share of the mother country in the trade of its colony India is somewhat increased by the addition of Government stores to commercial statistics, since Government stores are in nearly all cases the product of the mother country. The amount of these imports in the case of India averaged before the war, £3,882,000, but rose in 1917-18, to £9,287,000, and in 1918-19, to £13,019,000.

In 1917-18, 85 per cent of these imports on behalf of the Government came from the United Kingdom and 12 per cent from Australia but in the following year the share imported from the United Kingdom decreased to 70 per cent while Australia increased its share to 26 per cent.17

Tables 36, 37, 38, and 39 show the value of the chief articles or classes of articles imported into and exported from India in 1913-14 and 1918-19, and, somewhat more in detail, the trade with the United States in the same years. In comparing Indian statistics of these two years, two points should be kept in mind. First, that the rise of prices in the Orient has been much less than in the Occident,

17 Review of Trade of India in 1918-19, p. 13. See The Times Trade Supplement, Nov. 13, 1920, Aug. 6, 1921, and Oct. 1, 1921, respectively, for a summary of the Indian stores purchase committee's report, which advocates changes to encourage local purchase and production; the statement of Sir Thomas Holland that pending the determination of Indian fiscal policy the Government accepted the principle of purchasing supplies by strict business standards as to price and quality; and the resolution of the legislative assembly of India in favor of purchase in the cheapest market, together with the reasons why the high commissioner considered that the abnormal conditions had justified his giving contracts to British firms if their bids exceeded those of foreign firms by no more than 10 per cent; and see Commerce Reports, Apr. 13, 1921, for rules requiring that a preference be given to goods produced in India and to goods purchasable in India.
and second, that the statistics for 1918–19 have been converted at the official ratio of 15 rupees to the pound sterling:

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>9,971</td>
<td>10,409</td>
</tr>
<tr>
<td>Liquors</td>
<td>1,252</td>
<td>1,925</td>
</tr>
<tr>
<td>Provisions and oilman’s stores</td>
<td>1,449</td>
<td>2,292</td>
</tr>
<tr>
<td>Spices</td>
<td>4,438</td>
<td>7,038</td>
</tr>
<tr>
<td>Tobacco</td>
<td>629</td>
<td>1,431</td>
</tr>
<tr>
<td>Other</td>
<td>1,012</td>
<td>3,944</td>
</tr>
<tr>
<td><strong>Total, Class I</strong></td>
<td>16,411</td>
<td>20,327</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oils</td>
<td>2,635</td>
<td>2,479</td>
</tr>
<tr>
<td>Textiles</td>
<td>1,265</td>
<td>1,261</td>
</tr>
<tr>
<td>Other</td>
<td>2,898</td>
<td>2,386</td>
</tr>
<tr>
<td><strong>Total, Class II</strong></td>
<td>7,038</td>
<td>6,636</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yarns and textile fabrics</td>
<td>50,300</td>
<td>45,495</td>
</tr>
<tr>
<td>Metals, iron and steel, and manufactures</td>
<td>10,633</td>
<td>8,281</td>
</tr>
<tr>
<td>Machinery of all kinds, including belting for machinery</td>
<td>5,568</td>
<td>3,906</td>
</tr>
<tr>
<td><strong>Total, Class III</strong></td>
<td>66,495</td>
<td>58,162</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glassware and earthenware</td>
<td>1,423</td>
<td>459</td>
</tr>
</tbody>
</table>
| Carriages and carts, including 
  eyelets (for vehicles)         | 5,783   | 7,350   |
| Miscellaneous manufactured 
  articles                      | 96,709  | 82,166  |
| **Miscellaneous and unclassified** | 1,916   | 3,570   |
| **Total**                      | 122,625 | 115,739 |

1 Annual Statement of the Sea-borne Trade of British India, fiscal years ending Mar. 31.

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain, pulse, and flour</td>
<td>30,094</td>
<td>26,714</td>
</tr>
<tr>
<td>Tea</td>
<td>9,983</td>
<td>11,851</td>
</tr>
<tr>
<td>Other</td>
<td>9,085</td>
<td>8,511</td>
</tr>
<tr>
<td><strong>Total, Class I</strong></td>
<td>49,162</td>
<td>46,176</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile materials (raw)</td>
<td>50,429</td>
<td>34,103</td>
</tr>
<tr>
<td>Seeds</td>
<td>17,117</td>
<td>7,479</td>
</tr>
<tr>
<td>Hides and skins, raw</td>
<td>7,315</td>
<td>6,288</td>
</tr>
<tr>
<td>Gums, resins, and lac</td>
<td>1,377</td>
<td>2,049</td>
</tr>
<tr>
<td>Metallic ores and scrap iron</td>
<td>1,034</td>
<td>1,704</td>
</tr>
<tr>
<td>or steel for re-manufacture</td>
<td>857</td>
<td>2,343</td>
</tr>
<tr>
<td>Oils</td>
<td>3,017</td>
<td>2,937</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>3,212</td>
<td>3,673</td>
</tr>
<tr>
<td><strong>Total, Class II</strong></td>
<td>81,842</td>
<td>57,998</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yarns and textile fabrics</td>
<td>27,148</td>
<td>44,691</td>
</tr>
</tbody>
</table>
| Hides and skins, tanned or 
  dressed; and leather          | 2,833   | 6,466   |
| Chemicals, drugs, and medicines | 2,637  | 3,055   |
| Dyes and colors                | 966     | 1,373   |
| Other                          | 3,080   | 2,725   |
| **Total, Class III**           | 35,394  | 54,320  |

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous and unclassified</td>
<td>1,602</td>
<td>1,374</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>102,801</td>
<td>159,539</td>
</tr>
</tbody>
</table>

1 Annual Statement of the Sea-borne Trade of British India, fiscal years ending Mar. 31.

2 The value of the Indian rupee was stabilized in the 1890's at 1s. 4d. or 0.3245s. (Acts of June 26, 1893 and Sept. 15, 1896, Statutes of India, 1893, p. 168.) The war, however, produced a tremendous demand for gold and silver in the Orient, and India alone absorbed silver at a rate double that of the world's production. (The Statist, Nov. 1, 1916, p. 981.) Under this strain the machinery for fixing the value of the rupee broke down, and its value in terms of gold began to rise in August, 1917. In September, 1919, an attempt was made to “peg” the rupee at 2 shillings. In January, 1920, the Indian currency commission reported in favor of revaluing the value of the rupee permanently at 2 shillings. This recommendation was accepted and remains the official objective, but the value of the rupee has not yet been stabilized. After reaching the maximum in 1919/20 at 4d., it rose in the summer of 1920 to 2s. 10d., and then fell sharply. The Government then attempted to support the market at 1s. 10½d., and in October, 1920, the value of the rupee fell to 1s. 6d., and in December, almost to 1s. 5d. In terms of American currency the rupee fell from a maximum of 48½ cents in March, 1920, to a minimum of 24 cents in December, 1920, and in March, 1921, it stood at about 25 cents. (See Commerce Reports, Feb. 28, 1920, Feb. 16 and 28, 1921, and The Times Trade Supplement, Aug. 16, 1919, Feb. 7, Oct. 16 and Oct. 30, 1920, and passim.) One hundred thousand rupees make a “lakh,” and 100 lakhs make a crore. In writing rupees, therefore, commas are used to indicate lakhs and crores instead of millions, thus 53,15,30,000 Rs. is read 53 crores, 15 lakhs, and 30 thousand rupees. A lakh is nominally equivalent to $2,425, and a crore to $12,441,300. The rupee is divided into 16 annas (each equal to one English penny) and the anna into 4 pie or 12 pie.
Table 38.—Imports into British India from the United States.\(^1\)

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron and steel</td>
<td>2,982</td>
<td>3,602</td>
<td>Spirit</td>
<td>41</td>
<td>71</td>
</tr>
<tr>
<td>Machinery and millwork</td>
<td>126</td>
<td>92</td>
<td>Chemicals</td>
<td>2</td>
<td>95</td>
</tr>
<tr>
<td>Hardware</td>
<td>233</td>
<td>665</td>
<td>Drugs and medicines</td>
<td>31</td>
<td>105</td>
</tr>
<tr>
<td>Instruments and apparatus</td>
<td>67</td>
<td>212</td>
<td>Dyeing and tanning substances</td>
<td>57</td>
<td>341</td>
</tr>
<tr>
<td>Motor car and cycles, etc.(^2)</td>
<td>155</td>
<td>167</td>
<td>Cotton piece goods</td>
<td>173</td>
<td>222</td>
</tr>
<tr>
<td>Railway plant and rollingstock</td>
<td>4</td>
<td>26</td>
<td>Paper and pasteboard</td>
<td>9</td>
<td>400</td>
</tr>
<tr>
<td>Clocks and watches</td>
<td>53</td>
<td>324</td>
<td>Wood and timber</td>
<td>84</td>
<td>315</td>
</tr>
<tr>
<td>Oils, mineral</td>
<td>1,540</td>
<td>1,463</td>
<td>Other articles</td>
<td>275</td>
<td>1,272</td>
</tr>
<tr>
<td>Provisions and oilman’s stores</td>
<td>33</td>
<td>413</td>
<td>Total</td>
<td>3,194</td>
<td>10,766</td>
</tr>
<tr>
<td>Tobacco</td>
<td>16</td>
<td>365</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Review of the Trade of India, fiscal years ending Mar. 31.

\(^2\) It has been pointed out that statistics of trade between colonies and foreign countries are likely to be incomplete, because the mother country acts as an entrepot and is credited with colonial trade which should have been attributed to foreign countries. Recent imports of motor cars into India illustrate the opposite condition and cast doubt upon the accuracy of the figures for 1913-19. The Indian statistics for 1913-19 show imports of 9,328 automobiles, of which 9,728 are credited to the United States. But the manager of the company concerned has stated that during the corresponding period of shipment no less than 9,532 cars were shipped to India from the Canadian branch of a single American company. As the cars bore an American name and as many of them were shipped through New York, they were not unnaturally recorded as imports from the United States. (Board of Trade Journal, Dec. 30, 1920.) Similarly statistics of exports to the United States may be inflated by the inclusion of exports to Canada. For instance, Ceylon’s exports to Canada, usually recorded as less than 2 per cent of the total exports, rose in 1913 to nearly 6 per cent of the total, and this is explained by the fact that the United States restricted the importation of rubber in that year and the Canadian imports of Ceylon rubber were therefore made directly. (Supplement to Commerce Reports, No. 54a, Dec. 6, 1920, pp. 2, 9.)

Table 39.—Exports of Indian produce to the United States.\(^1\)

<table>
<thead>
<tr>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
<th>Article</th>
<th>1913-14</th>
<th>1918-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jute, raw</td>
<td>2,657</td>
<td>1,268</td>
<td>Indigo</td>
<td>8</td>
<td>158</td>
</tr>
<tr>
<td>Gunny bags</td>
<td>1,008</td>
<td>1,471</td>
<td>Cotton, raw</td>
<td>55</td>
<td>49</td>
</tr>
<tr>
<td>Hides and skins, raw, excluding cuttings</td>
<td>6,516</td>
<td>6,691</td>
<td>Car manufactures, excluding rope</td>
<td>39</td>
<td>11</td>
</tr>
<tr>
<td>Lac</td>
<td>2,363</td>
<td>3,555</td>
<td>Wool, raw</td>
<td>28</td>
<td>18</td>
</tr>
<tr>
<td>Grain, pulse, and flour</td>
<td>308</td>
<td>278</td>
<td>Salt water</td>
<td>22</td>
<td>13</td>
</tr>
<tr>
<td>Seeds, castor</td>
<td>558</td>
<td>859</td>
<td>Manganese ore</td>
<td>107</td>
<td>11</td>
</tr>
<tr>
<td>Spices</td>
<td>11</td>
<td>37</td>
<td>Mica</td>
<td>67</td>
<td>7</td>
</tr>
<tr>
<td>Tea, black and green</td>
<td>204</td>
<td>131</td>
<td>Paraffin wax</td>
<td>25</td>
<td>8</td>
</tr>
<tr>
<td>Oils, vegetable</td>
<td>66</td>
<td>69</td>
<td>Manures</td>
<td>54</td>
<td>6</td>
</tr>
<tr>
<td>Myrabolans</td>
<td>41</td>
<td>14</td>
<td>Other articles</td>
<td>206</td>
<td>386</td>
</tr>
<tr>
<td>Total</td>
<td>14,510</td>
<td>22,043</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Review of Trade of India, fiscal years ending Mar. 31.

**TARIFF OF INDIA.**

**Tariff history.**\(^{40}\)—In 1858 when the British Government took over from the East India Co. the control of India, the import duties were 3½ per cent or 5 per cent ad valorem on British goods and double those rates on foreign goods. The financial difficulties\(^{40}\) caused by the mutiny led in 1859 to the repeal of these differential duties and the raising of the general rate to 10 per cent with 20 per cent on luxuries, and 5 per cent on yarn and twist. The free-trade movement was then at its height and through the sixties and seventies there were many reductions of these rates and frequent additions


\(^{41}\) The differential duties might have been repealed had there been no fiscal difficulties. All the other colonial preferences had been abolished in 1855, or earlier. See p. 631.
to the free list. By 1875, 5 per cent was the general rate on imports, and all export duties had been abolished except those on rice, lac, and indigo.

About 1870 the Lancashire cotton manufacturers, perhaps the world’s most uncompromising free traders, demanded that the duties on cotton be removed. At that time, excluding salt and liquors, nearly two-thirds of the customs revenue was derived from cottons. The financial difficulties of removing the duties were therefore considerable and it was not until 1878–1882 that these duties and with them the duties on less important articles were abolished. For some years salt and liquors alone paid import duties and rice alone paid an export duty. Of countries of any importance, India afforded the most thoroughgoing example of free trade in the world. For political reasons, however, duties were soon imposed on arms and ammunition, and when more revenue was required in 1888 a duty was laid on petroleum, an article of wide consumption and one which was the more easily taxed, since no British interest was injured.

In 1894, because of industrial depression and the fall of the gold value of rupees, the Indian Government faced a prospective deficit of two million pounds. A revenue tariff was restored, and again practically all imports became dutiable at 5 per cent ad valorem, but with the most important exception of cottons, which then constituted nearly one-half of the total imports. The need for revenue continued, and in December of the same year the subject was reopened on the basis of imposing a duty on cottons with an offsetting excise tax on the local product. After certain changes, in February of 1896 the matter was settled for the next twenty years by fixing at 3½ per cent the rate on all cottons, whether imported or manufactured in Indian mills, in so far as the mills were operated by power; and yarn was put on the free list.

The tariff of March, 1894, remained practically unchanged until the war. There were numerous small changes, however, such as the naming of additional machines for free entry and the reclassification of cottons. Of the system the Government of India said in 1903:

It is entirely free from any trace of preferences and from any protective intention.

* * *

While we do not deny that, in theory, some minute protective effects may be attributed to our present system, yet we hold that such effect is quite insignificant in practice, firstly, because in the case of the largest article of import, and some minor ones, an equivalent excise duty is imposed; secondly, because a large part of the imports consists of articles which, in either kind or quality, India does not produce at all; and thirdly, because our general import duties are on a very low scale, such as would in most continental countries be regarded as merely nominal. Almost the only exception to the general rule is the duty on petroleum. Our countervailing sugar duties we do not regard as protective in the true sense of the term. 81

In 1910, in view of the reduction of revenue from the opium trade, the duties on mineral oil and on tobacco were increased, though an oil industry was being developed in Burma, and both of these increases had a certain protective influence.

The war brought two important changes to the Indian tariff—an increase of the general rates to 7½ per cent ad valorem in March, 1916, and the beginning of a protective system by a like increase of the duty on cottons in March, 1917. This duty was raised from 3½ per

cent to 7 1/2 per cent without any change in the excise tax, thus affording protection to Indian weaving mills to the extent of 4 per cent.

Under this tariff imports of tobacco, liquors, and other articles dutiable at rates higher than 7 1/2 per cent ad valorem almost offset the importations at lower rates, including the free list; in 1918-19 the duty collected showed an average rate of 7.23 per cent upon all merchandise imported.

Present tariff.—The budget for 1921-22 proposes a further general increase, which went into effect provisionally on March 1, 1921. The chief changes in the new tariff are the raising of the general ad valorem rate to 11 per cent and the larger increases in the rates on luxuries. The tariff is set forth in a schedule of 139 numbered items, but many of these have subheads, so that the total number of specifications is about 400. These specifications are inserted not for the purpose of defining the tariff rate, which is 11 per cent in the great majority of cases, but for listing of the official valuations. The valuations are fixed by the governor general in council, usually for the calendar year, but they are subject to revision at any time.

Table 40 summarizes the present tariff, omitting minor items and grouping others together, and shows the chief increases of rates since imports were made generally dutiable in 1894.

Table 40.—Import tariff of India, 1921.1

<table>
<thead>
<tr>
<th>Articles,</th>
<th>Tariff rates.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1921</td>
</tr>
<tr>
<td>Articles which are free of duty, Nos. 1 to 27:</td>
<td>Fre.</td>
</tr>
<tr>
<td>Raw cotton, wool, hides, and skins</td>
<td>do.</td>
</tr>
<tr>
<td>Cotton twist, yarn and sewing thread</td>
<td>do.</td>
</tr>
<tr>
<td>Wood pulp and rags</td>
<td>do.</td>
</tr>
<tr>
<td>Arms, ammunition, and military stores for police or military use.</td>
<td>do.</td>
</tr>
<tr>
<td>Quinine</td>
<td>do.</td>
</tr>
<tr>
<td>Agricultural machinery</td>
<td>do.</td>
</tr>
<tr>
<td>Dairy appliances 2</td>
<td>do.</td>
</tr>
<tr>
<td>Water lifts, sugar mills, oil presses, to be worked by animal power.</td>
<td>do.</td>
</tr>
<tr>
<td>Living animals</td>
<td>do.</td>
</tr>
<tr>
<td>Manures of all kinds</td>
<td>do.</td>
</tr>
<tr>
<td>Books, maps, and music</td>
<td>do.</td>
</tr>
<tr>
<td>Articles which are liable to duties at special rates, Nos. 28 to 44:</td>
<td></td>
</tr>
<tr>
<td>Sugar</td>
<td>15 percent</td>
</tr>
<tr>
<td>Denatured alcohol</td>
<td>15 percent</td>
</tr>
<tr>
<td>Other alcoholic beverages</td>
<td>15 percent</td>
</tr>
<tr>
<td>Cigars and manufactured cigarettes</td>
<td>15 percent</td>
</tr>
<tr>
<td>Other manufactured tobacco</td>
<td>15 percent</td>
</tr>
<tr>
<td>Salt</td>
<td>15 percent</td>
</tr>
<tr>
<td>Matches</td>
<td>12 1/2</td>
</tr>
<tr>
<td>Petroleum</td>
<td>14 a</td>
</tr>
<tr>
<td>Arms, and their parts, gun powder, cartridges, and machinery for making them</td>
<td>20 percent</td>
</tr>
</tbody>
</table>

Articles which are liable to duty at 2½ per cent ad valorem, Nos. 45 to 61: | | | |
| Grain and pulse | 2 1/2 percent | 2 1/2 percent | Free. |
| Vinegar in casks | do. | do. | Do. |
| Copperas | do. | do. | Do. |

1 Board of Trade Journal, Apr. 14, 1921, pp. 411-415.
2 Dutiable at 5 per cent in 1891, but put on the free list in 1896.
3 The machines are enumerated in the law.
4 Made dutiable at specific rates in 1910.
5 The duty varies from port to port and is the same as the local excise duty. Salt imported for certain manufactures and, in the Provinces of Bengal and Bihar-Orissa, for salting fish is free.
6 Eight of ten subheads have specific duties which are collected unless they are found to be less than 20 per cent ad valorem.
### Table 40.—Import tariff of India, 1921—Continued.

<table>
<thead>
<tr>
<th>Articles</th>
<th>Tariff rates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Articles which are liable to duty at 2½ per cent ad valorem, Nos. 45 to 61—Continued.</strong></td>
<td></td>
</tr>
<tr>
<td>Firewood</td>
<td>2½ per cent</td>
</tr>
<tr>
<td>Telegraphic instruments and apparatus</td>
<td>do</td>
</tr>
<tr>
<td>Old iron and steel, pig iron, cast steel, iron and steel cables, beams, sheets, rails, pipes, nails, etc.</td>
<td>do</td>
</tr>
<tr>
<td>Railway material</td>
<td>do</td>
</tr>
<tr>
<td>Printing and lithographing material</td>
<td>do</td>
</tr>
<tr>
<td>Tea chests</td>
<td>do</td>
</tr>
<tr>
<td>Lead sheets for tea chests</td>
<td>do</td>
</tr>
<tr>
<td>Machinery, to be worked by other than animal power</td>
<td>do</td>
</tr>
<tr>
<td>Aeroplanes</td>
<td>do</td>
</tr>
<tr>
<td><strong>Articles which are liable to duty at 11 per cent ad valorem, Nos. 61 to 126: Machinery, to be worked by manual or animal labor.</strong></td>
<td>11 per cent</td>
</tr>
<tr>
<td>Cutlery, hardware, and all manufactures of iron and steel, n. o. s., and of other metals.</td>
<td>do</td>
</tr>
<tr>
<td>Carriages and motor trucks</td>
<td>do</td>
</tr>
<tr>
<td>All foodstuffs, n. o. s.</td>
<td>do</td>
</tr>
<tr>
<td>Yarns and textile fabrics, hemp, jute, and wood</td>
<td>do</td>
</tr>
<tr>
<td>Cordage, silk yarns, tanned hides, skins and leather ware</td>
<td>do</td>
</tr>
<tr>
<td>Paper and stationery</td>
<td>do</td>
</tr>
<tr>
<td>Wood, timber, furniture</td>
<td>do</td>
</tr>
<tr>
<td>Cement, brick, stone, and other building materials</td>
<td>do</td>
</tr>
<tr>
<td>Glass, earthenware, and porcelain</td>
<td>do</td>
</tr>
<tr>
<td>Tallow and wax</td>
<td>do</td>
</tr>
<tr>
<td>Gums, resins, and lacquers</td>
<td>do</td>
</tr>
<tr>
<td>Chemicals, drugs, and medicines</td>
<td>do</td>
</tr>
<tr>
<td>Dyeing and tanning substances</td>
<td>do</td>
</tr>
<tr>
<td>Explosives</td>
<td>do</td>
</tr>
<tr>
<td>Sandwiches and toilet requisites</td>
<td>do</td>
</tr>
<tr>
<td>All other articles not otherwise specified</td>
<td>do</td>
</tr>
<tr>
<td><strong>Articles which are liable to duty at 20 per cent ad valorem, Nos. 126 to 130: Motor cars.</strong></td>
<td>20 per cent</td>
</tr>
<tr>
<td>Motor cycles</td>
<td>do</td>
</tr>
<tr>
<td>Bicycles and accessories</td>
<td>do</td>
</tr>
<tr>
<td>Pneumatic tires</td>
<td>do</td>
</tr>
<tr>
<td>Clocks and watches</td>
<td>do</td>
</tr>
<tr>
<td>Musical instruments</td>
<td>do</td>
</tr>
<tr>
<td>Manufactures of silk</td>
<td>do</td>
</tr>
<tr>
<td>Cinematograph films</td>
<td>do</td>
</tr>
<tr>
<td>Prints, engravings, and photographs</td>
<td>do</td>
</tr>
<tr>
<td>Umbrellas</td>
<td>do</td>
</tr>
<tr>
<td>Smokers' requisites</td>
<td>do</td>
</tr>
<tr>
<td>Toys, games, playing cards, and requisites for games and sports</td>
<td>do</td>
</tr>
<tr>
<td>Gold plate, and manufactures of gold</td>
<td>do</td>
</tr>
<tr>
<td>Silver plate, and manufactures of silver</td>
<td>do</td>
</tr>
</tbody>
</table>

1 Dutiable at 5 per cent unless imported by a railway company.
2 Gypsum, 10 per cent.

**Export duties.**—The existing export duty on rice—three annas a maund (87½ pounds)—has been in force since 1896. In 1916 export duties on tea, jute, and jute products were added, and in the following year the rates on jute and jute products were doubled, becoming:

- On tea, 2½ rupees, or 48½ cents, per 100 pounds.
- On jute, 3½ rupees, or $1.46, a bale of 400 pounds.
- On sacking, 20 rupees, or $6.49, a ton of 2,240 pounds.
- On Hessian cloth (burlap), 32 rupees, or $10.38 a ton.

Since 1903 a small tax (cess) of 1/48 of a penny a pound on all Indian tea exported has been levied at the request of the industry, and the revenue is used to promote the sale and consumption of the product abroad. The Government, merely as a collecting agency, and the advertising campaigns, are controlled wholly by the tea planters. For the year ending Mar. 31, 1919, this tax yielded $146,000. A similar “cess” on jute, levied since 1912 for the benefit of the Calcutta Improvement Trust, yielded nearly $200,000. A “cess” of one rupee per maund levied since April, 1918, to provide funds for research in the indigo industry, yielded nearly $16,000 in 1918-19. (Supplement to Commerce Reports, No. 83 d, June 2, 1920, p. 29.) See p. 371.
At the time when the specific duties were imposed upon sacking and burlap, the rate was approximately 5 per cent of the value of the raw jute used in their manufacture. The subsequent rise in price has more than offset the doubling of the rate. In 1918–19 there was paid in export duties $11,971,590 upon a total exportation of jute, rice, and tea of $344,240,000, so that the average rate of duty upon dutiable articles was 3.48 per cent ad valorem.

Native States.—Throughout the greater part of India, the Native States have abandoned the right, or at least the practice, of levying customs duties. But Kashmir and the border States whose foreign relations are controlled by the Indian Government—Nepal, Bhutan, and the States of Kalat and Las Bela in Baluchistan—have separate tariffs. These tariffs are applicable to goods imported into these States from India, but payment of the Indian customs duties upon such goods may be avoided by shipping them through in bond. The rates in Kashmir (tariff of 1912) are the same or lower than those in force in India. Thirteen schedules of rates levied upon imports, exports, and transit trade at the frontier or at interior points in Kalat and Las Bela are given in Kelly’s Customs Tariffs of the World.

VI. Differential Tariffs in the Crown Colonies and in India.

Previous to the free-trade period of the middle of the last century differential duties were common in the British Crown colonies. They were abandoned by the British Empire when the policy of free trade was adopted (1845–1860), and from that time until after 1914 there were practically none. But even when the triumph of free trade seemed complete, sentiment for special trade preferences within the Empire, or even for something in the nature of an imperial customs union was not entirely dead. Evidences of it may be traced through the eighties and nineties, and after Joseph Chamberlain, colonial secretary, began his campaign for protectionist tariff reform in May, 1903, it became a question of practical politics. The Imperialists have agitated for the imposition of preferential duties as a means either toward drawing the Empire within closer bonds or for the increasing of trade, or both. The elections of 1906 and 1910 showed that the movement had not taken great hold outside of the Conservative Party; but the war greatly turned sentiment in its favor. In September, 1919, differential rates were put in force in the United Kingdom.56 This at least partial conversion of the British Government to the idea of imperial preference has already been reflected in recent changes in colonial tariffs. This is not to say, however, that before this conversion the Crown colonies were absolutely without differential tariffs. The British system is not so autocratically centralized that all the Crown colonies at all times necessarily reflect in all respects the policies of the British Government. Some of the Crown colonies approximate the independence of the Dominions. It is, therefore, not surprising, especially as all the Dominions, except Newfoundland, had adopted preferential tariffs, that in a few of the Crown colonies preferential tariffs were introduced before that system was adopted in Great Britain. But the only colonies which had

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56 For a discussion of the movement in Great Britain and its recent measure of success, see Part II, p. 816.
adopted a substantial system of preference were certain West Indian colonies which had done so as a result of negotiations with Canada in 1912. These West Indian preferences have, therefore, been discussed in connection with Canada (see p. 696) and only a short summary is included here. The other differential duties of the British Empire, and the general situation as it exists at present is discussed here in the following order: The export duty on tin ore from the Federated Malay States (which dates from 1903), the recently imposed export duties upon tin ore from Nigeria, the export duties on palm kernels from West Africa, the situation in India (export duty on untanned hides and skins, proposed preferential system, specific proposal relating to jute), minor and doubtful kinds of preferences, the new differential system in Cyprus, and finally the general measures for the regulation of the dye trade. The section then concludes with a summary of the preferential tariffs of the West Indies, and with a general comparison and estimate of the situation and tendency in the Crown colonies and India.

EXTRA DUTY ON TIN ORE FROM THE FEDERATED MALAY STATES.

The differential export duty on tin ore from the Federated Malay States was established in 1903 at a time when these States were supplying 60 per cent of the world's tin. The export duties on tin and tin ore provided a large part of the revenues of those States. The differential duty was an addition to the existing duties and was wholly a preventive measure; no changes in trade currents were produced by it, but it was instrumental in preventing the development of smelting in the United States.

RATe OF DUTY.

It is not necessary to go into the details of the export duties on tin in the Federated Malay States. It is sufficient to observe that in Pahang it was 10 per cent and in the other three States it came to approximately the same rate though varying on a sliding scale according to the prices and also differing with the kind of tin (reef or alluvial) and the place of origin. The duty on the ore was in Pahang 65 per cent of the duty on tin, and in the other States 68 per cent, but these rates were increased in 1904 to 70 per cent and have recently been raised to 72 per cent and then to 73 per cent of the duty on tin.\footnote{The ore as prepared for exportation contains about 74 per cent of tin and the reckoning of the duty on a percentage of the gross weight smaller than 74 per cent made it to that extent more profitable to export the ore than the refined tin. As a result of this, while in 1904, 332,000 pikuls (pikul = 133 pounds) of smelted tin had been exported out of a total of 899,000 pikuls, in 1914 the amount of smelted tin exported was only 61,000 pikuls as against 763,000 pikuls of ore. (Report for 1914 on the Federated Malay States, by the Resident General, p. 9. Gt. Brit. Parl. Papers, 1914, Cd. 8155.) The decline in the smelting industry in the Federated States has been ascribed also to the defects of the small scale native methods as compared to the efficiency of the world's greatest smelters in Penang and Singapore. (The Mineral Industry during 1904, p. 385.)} The differential feature of the duty imposed in 1903 was an additional rate of 30 British or Mexican dollars\footnote{The value of the dollar current in the Straits Settlements in 1903 was variable. The American consul reported the duty as equal to $11.50. Since that time the unit of value, now known as the Straits dollar, has been stabilized at 2 shillings 4 pence so that the tax is now equal to $17.08. The Straits pikul is 133 pounds and the duty is therefore $13.93 per hundred pounds.} per pikul on all ore exported without such guarantees as the Resident might prescribe that it would be smelted in the colony of the Straits Settle-
To the list of places where the smelting might take place without the payment of additional duty the United Kingdom was added in 1904 and Australia in 1916. As the price of tin was in 1903 about 60 British dollars per pikul and has seldom been above 100 Straits dollars, and as the tin ore runs nearly three-fourths tin, it is easily seen that this differential duty is equivalent to an ad valorem duty of from 40 per cent upward, i.e., it is prohibitive.

REASON FOR IMPOSING THE DUTY AND ITS EFFECTS.

In spite of the fact that the imposition of this differential duty coincides with the opening of Joseph Chamberlain's campaign for preferential duties within the British Empire, it escaped discussion in contemporary literature. The official report for 1903 of the Resident General of the Federated Malay States merely says: "An American syndicate which has erected large smelting works in the United States has been making inquiries with a view to purchasing tin ore in these States for exportation to their works. Their proposals, not meeting with encouragement from Government, have, I understand, been abandoned for the present." In a book published four years later Sir Frank Swettenham, who was the resident general at the time when the duty was imposed, disdains such a euphemism. "An American attempt to transfer this tin smelting to American soil and so obtain, in time, complete control of Malay tin production was frustrated by imposing a prohibitive duty on the exportation of tin ore and giving an equivalent rebate on all ore smelted in the Straits colony."

Perhaps the correspondent of The Times represented accurately the official view. He argues that the American syndicate would obtain protection for the smelting industry in the United States by having a duty imposed on tin, and the result would be that the smelting industry in the Straits would be destroyed. The Americans would be the only purchasers of tin ore in Malaya, they would reduce the price offered and not only the producers but the Government revenue would suffer. He emphasizes the allegation that these Americans were attempting to monopolize the source of supply, and calls the imposition of the duty an act of self preservation and one of dire necessity on the part of the miners, the trading community, and the Government. He declares that an act of such importance must have been authorized by the secretary of state for the colonies.

56 The duty was imposed in each State by the Resident with the approval of the Resident General and, as is seen from the Government gazettes, went into effect from June 1, 1905. The unanimous action of the four Residents suggests that the Resident General, who was also governor of the Straits Settlements and therefore presumably as much interested in the smelting business as in the mining industry, initiated rather than approved the duty.

57 The figures do not show whether the addition of these places was of any practical importance. As the Straits Settlements import tin ore from many parts of the world and as all the exports of the Federated Malay States go through the Straits Settlements, there is no way of showing from the figures the destination of the exports of the Federated Malay States.

58 W. H. Treacher wrote the report, which is dated Apr. 14, 1904. The quotation is from p. 6.

59 British Malaya, 1907, p. 333.

60 The Times (London), July 9, 1903. The article is prefixed by no date or place and is phrased not so much as news as something which had been in force for some time but had been overlooked. An account from the Pall Mall Gazette is quoted in the United States Consular Reports, Dec. 1903, p. 772. Unless the same man acted as correspondent for The Times and the Gazette or unless the one paper copied from the other the striking similarity of the argument in the two articles increases the probability that they give accurately the official justification for the imposition of the duty.
The Mineral Industry (an American annual review) for 1903 presents the other side of the picture. "A smelting works for the treatment of tin ores was erected during 1903 at Bayonne, N. J., by the International Tin Co. The plant was designed to treat about 50 tons per day, but was not put in operation owing to the fact that a prohibitory tax was placed on the export of tin ore from the Malay Peninsula whence it was expected to draw the supply." (Vol. for 1903, p. 325.) The same publication refers in the two following years to the fact that this plant continued idle for lack of ore. It may be noted in this connection that the Straits Trading Co., the greatest smelters of Singapore, was producing at that time 100 tons of refined tin daily and apparently was most prosperous. There were also two smelters in Penang and one in Wellesley Province, one of which had a capacity of about 600 tons of tin per month. The Eastern Smelting Co. was taking over the plant of the company last named with a capital of 1,500,000 Straits dollars, with the intention of increasing the capacity to 1,000 tons per month. These figures show that the International Tin Co. was prepared in 1903 to handle only part of the business and that the imposition of the export duty was not, in fact, necessary to prevent an American "monopoly" but was designed to preclude any competition whatever with the smelters of the Straits Settlements.

The duty as imposed in 1903 discriminated against other parts of the Empire as well as against all foreign countries, but, as the different writers agree, since all the tin ore was smelted either in the Federated Malay States or in the Straits Settlements, this was of small importance.

WEST AFRICAN EXPORT DUTIES.

NIGERIAN DUTY ON THE EXPORT OF TIN ORE.

The Nigerian Minerals Ordinance, 1916, provides that:

the governor in council may make regulations for all or any of the purposes following:

* * *

(q) imposing an export duty on tin ore except when the exporter shall satisfy the governor that the tin ore exported will be smelted in the United Kingdom or in a British possession. * * *

(w) generally for the carrying into effect the purposes of this ordinance.

Provided, That any regulations dealing with the matters referred to in paragraphs (c), (e), (g), (p), and (q) shall be made subject to the approval of the secretary of state.

On November 8, 1916, Mr. Bonar Law stated in the House of Commons that such a differential duty had been imposed but that it had not been put in force because of the war. The American consul at Dakar made a report under date of December 6, 1919, on the duties in force in Nigeria including the royalties payable on the exportation of ores and valuable minerals. He gives no date in

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43 The Mineral Industry, 1903, p. 331. The later prosperity of the company is shown by the dividends for 1906. (The Mineral Industry, 1906, p. 731.)
44 Colonial Statistical Tables, 1903, p. 13.
46 The figures show small exports of ore from the Straits Settlements to Hongkong, Germany, and the United Kingdom, but this ore may have come from the Dutch East Indies or elsewhere, and these exports may have continued, as the duty was not extended to the Straits Settlements. In 1916 £90,000 worth of ore was sent from Great Britain to the Straits for smelting. (The Times Trade Supplement (London), March, 1916, p. 264.)
connection with these royalties. On tin or tin ore the royalty is collected on a sliding scale as follows:

When the London price per ton is:

<table>
<thead>
<tr>
<th>Price Range</th>
<th>Per cent on the value</th>
</tr>
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<tbody>
<tr>
<td>Less than £130</td>
<td>2</td>
</tr>
<tr>
<td>£130, but less than £135</td>
<td>2½</td>
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<tr>
<td>£135, but less than £140</td>
<td>3</td>
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<tr>
<td>£140, but less than £145</td>
<td>4</td>
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<tr>
<td>£145, but less than £150</td>
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<tr>
<td>£150, but less than £160</td>
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<td>£160, but less than £170</td>
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<tr>
<td>£170, but less than £180</td>
<td>6½</td>
</tr>
<tr>
<td>£180 or upwards</td>
<td>7½</td>
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In addition a differential duty is levied on all tin ore exported without guarantee that it will be smelted in the United Kingdom or in a British possession. The rate of this duty is "equal to 50 per cent of the maximum royalty payable in respect of tin ore as prescribed in the preceding regulation." Tin ore is deemed to contain 70 per cent of metallic tin.

**EXPORT DUTY UPON PALM KERNELS.**

Of the four British colonies in West Africa, two—Nigeria and Sierra Leone—depend for their prosperity largely on the exportation of palm kernels and palm oil. Before the war about three-fourths of the kernels went to Germany, and the cutting off of the market had a disastrous effect on the business of the colonies. Some Liverpool merchants and others specially interested in the trade of these regions exerted themselves to provide a market in Great Britain. This was the more easily done as glycerine, which the Government needed in great quantities, could be obtained from palm oil.

In May, 1915, the colonial secretary, Mr. Bonar Law, appointed a committee on edible and oil-producing nuts and seeds to report on the means of making this industry permanent in Great Britain. Mr. A. D. Steel-Maitland, undersecretary of state for the colonies, was chairman of the committee, and it included the governors of two West African colonies and three nominees of chambers of commerce. In June of 1916 the committee reported, concluding their 25 pages of discussion with the recommendation that a differential export duty of £2 per ton on palm kernels should be imposed for five years after the war, and if this rate were found insufficient it should be increased.

The committee found that West Africa produced in 1912 and 1913 about £10,000,000 worth of vegetable oil and oil-producing nuts and seeds and that one-half of this value was in palm kernels from Nigeria. Of the three major oil products, groundnuts came largely from the French colonies and went to France and Germany mainly; palm oil came largely from the British colonies and went to Great Britain; but of the palm kernels, five-sixths of the supply came from the British colonies and three-fourths went to Germany. "The question is one between this country and Germany." (Report of committee, p. 22.) The committee, therefore, confined its attention almost wholly to palm kernels.

The palm peculiar to the regions of heavy rainfall in the West African Tropics bears clusters of fruits from whose fleshy exterior the
natives extract palm oil, but whose kernel they export, and from the latter palm kernel oil is produced by modern machine or chemical processes. The oil obtained is very similar to coconut oil and competes also with other vegetable oils, such as cottonseed and linseed oil. It was used at first chiefly for soap making, but with better refining processes it is now used chiefly for making margarin and nut butters. The cake or meal from which the oil has been taken also competes with the similar by-products of the other oils mentioned and is used chiefly as a cattle food. About one-half of the weight comes out as oil, which is worth about five times as much as the cake. The crushing industry is of considerable importance and is well established in Great Britain, but the 1,500,000 tons of material annually treated had been chiefly cottonseed and linseed, with some rapeseed and castor and soya beans. Copra, groundnuts, and palm kernels had been negligible factors in the business as established in Great Britain, and the machinery in use could not be economically used for palm kernels, which require greater pressure than the others.

The committee found that there was no reason why palm kernels should be treated in Germany rather than in Great Britain. The business had become established in Germany partly, perhaps, because of the early activity of a German firm which was engaged for a time in the crushing business as well as in trading on the West Coast of Africa. The use of cake for cattle feeding had developed much earlier and on a much larger scale in Germany than in England. An established trade in a double product such as that under consideration was harder to change than a trade depending upon a single product. The German trade had also certain advantages through shipping in bulk and because of smaller port charges in Hamburg. A large and sure market in Germany was of considerable value to the trade. The committee found, however, that the best British mills were not inferior to the German in either their mechanical or chemical processes, and that various advantages which the Germans possessed could be duplicated in England. Encouraged by the agricultural experts, the farmers had been taking up palm kernel cake as a cattle food, and a permanent British market for this by-product seemed assured. The British consumption of margarin had been increasing rapidly and a good market for the oil also seemed assured. None the less the committee thought it "quite clear" that "the trade will not have become sufficiently rooted in this country by the end of the war to overcome sufficiently the competition which it will have to meet." The security of promised aid through a series of years was needed. Before the war, one-half ton of oil was worth about 10 shillings and one-half ton of oil was worth from 10 to 15 shillings more in Germany than in Great Britain; it was felt accordingly that a differential or protective export duty of £2 a ton on palm kernels would be sufficient to divert the trade from Germany to Great Britain, but the committee recommended that the rate be not less than £2 a ton and that it be increased if that amount proved insufficient. This report was signed by 11 members of the committee and only one member dissented. The dissenting member pointed out that British mill owners had

\[\text{Crushing is usually spoken of, though chemical extraction is also used, at least for palm kernel oil. See pp. 6-8 in the committee report.}\]

\[\text{See the committee report and The Times Trade Supplement, December, 1917, p. 193.}\]
contracted for machinery for crushing palm kernels before the war, and had evidently believed that they could compete without protection, but based his dissent largely on the belief that an "absolute new departure" like this should be taken up only as part of the general settlement of imperial trade relations after the war. Another member of the committee, Mr. G. A. Moore, made the additional recommendation that the next increase in the spirit duty in West Africa be made differential because a part of the hold which the Germans had on the trade was due to outward cargoes of trade spirits.

The colonial secretary sent the committee's report to the governors of the West African colonies, saying, "I see no reason why their proposals should not be adopted forthwith," but asking, in the interests of uniformity, that he be shown the drafts of the proposed legislation. The proposed duty, however, was not adopted "forthwith"; in fact it was not until October 20, 1919, that it was put in operation, and the five years for which it is to remain in force therefore runs from that date. In the meantime war regulations were in force by which all exportation to points outside of the British Empire required special authorization from the governor. These war prohibitions were canceled at least for Nigeria and Gambia on December 6, 1919.

A certain amount of objection to the imposition of these duties appeared in the long discussion in the House of Commons upon the question of the sale of enemy property in Nigeria. The chief argument advanced against the motion to restrict the sale to British-born individuals or British corporations was that since the war had cut off German competition the British dealers had combined to depress the price paid to the natives. This objection was made by Mr. Steel-Maitland, representing the Government. His figures were disputed, and the alleged decrease of price in Nigeria in spite of a rise of price in Great Britain was attributed to the impossibility of marketing the supply and to the great rise in freight rates. The report of the committee hints at the same objection; but they dismiss it with the remark that they do not believe, in view of the market now opening in Great Britain, which can absorb the whole of a normal

60 Thomas Wiles, M. P., in The Times Trade Supplement, April, 1916, had referred to the palm-crushing industry as one that bade fair to be permanently established in Great Britain because of the war; he made no reference to a prospective duty to aid the industry.

61 The Economist (London) of Aug. 17, 1918, p. 207, announced that Sierra Leone and the Gold Coast had adopted this differential duty but that it would not go into operation until after the war. The Times Trade Supplement of June 14, 1919, p. 331, announced its application in Nigeria, but in spite of this announcement and of a proclamation of Mar. 22 that it would go into force Mar. 27, it would seem from all the later references that the application did not begin before Oct. 20, 1919. When the duty was finally put into operation it was only passed by the legislative council of the Gold Coast by the use of the official majority. Several earlier references have been found which refer to this duty as being in force in all four of the British West African colonies, but no specific and authoritative information has been found of its actual enforcement in Gambia before Mar. 22, 1920. Gambia exports insignificant quantities of palm kernels. (See B. T. J., Sept. 11, 1919, and Col. Amery's reply to a question in the House of Commons, Oct. 29, 1919.)

The duty was finally imposed by ordinance No. 4 of 1920, signed by the governor on Mar. 18, and in force a week later.

62 This restriction was relaxed on Apr. 23, 1919, to allow unlicensed export of oleaginous products (except palm oil) from Nigeria to France and Italy; and several months later (reported by the American consul Oct. 27) the restriction was similarly relaxed for the Gold Coast.

63 In the meantime it had been announced in the Manchester Guardian (Oct. 21, 1919—a date on which it was believed that the imposition of the differential export duty had been countermanded at the last minute) that the exportation of palm kernels would be restricted by allowing the exportation to foreign countries of only 10 tons for every 90 tons exported to the United Kingdom. Col. Amery, under-secretary for the colonies, stated that this was purely temporary and that it and the similar restriction on the exportation of groundnuts and copra were imposed in the interests of the food supply. (Manchester Guardian, Oct. 29, 1919.) One-half of the copra and one-sixth of the groundnuts might be exported to foreign countries.) Apparently the repeal of the war prohibitions on Dec. 6 included the repeal of this rationing plan.

64 Parliamentary Debates, Nov. 8, 1916, vol. 87, pp. 349-367. The motion was lost by a vote of 231 to 117.
crop of palm kernels, that the interest of the native producers will suffer. During the debate one other argument was made against the imposition of the differential duty—that its effect would not be confined to Germany but would be felt also by France, Holland, and the United States. Mr. Ramsay MacDonald attacked the report of the committee on edible oils, saying it was a report of officials and merchants, seeking their own interests; the industry was unimportant, not a key industry, and this was crude protection; the duty was not really an export duty at all but was like the remission of the duty on hemp exported from the Philippine Islands to the United States.

The interest of the United States in the trade in palm kernels.—Before the war the importations of palm kernels into the United States were insignificant. The published statistics do not distinguish the West African palm kernels from the Central American palm nuts. These nuts are from a different species of palm and the figures for 1918 show that their value per pound was only one-twelth of that of the West African palm kernels. But even combining these two products, the importations in the fiscal years ending June 30, 1912 to 1915, in no case exceeded $8,000. In 1915–16 the value rose to over $1,000,000; in 1916–17 the value was $626,000, and in no year since has it exceeded $300,000. An examination of the figures for 1918–19 and the first eight months of 1920 shows that in 1918 the bulk of the imports and more than half the value were palm nuts from Central America and that in the two following years the imports from Central America practically ceased, while those from West Africa increased. From British West Africa nearly 1,500,000 pounds were imported in 1918; in 1919 twice as much, and in 1920, 7,937,000 pounds. Quantities of palm kernels (as distinguished from palm nuts) have been received also from South Africa, the Belgian Congo, Kamerun, Liberia, and the Straits Settlements,64—totaling in 1919 nearly 2,300,000 pounds, but in 1920 only 334,000. Except for 67,500 pounds from the Straits Settlements, the palm kernels imported during 1919 from sources other than British West Africa all arrived after the imposition of the differential export duty in these British colonies. In 1920 nearly 8,000,000 pounds of palm kernels were imported into the United States from British West Africa, while the total importations from all other sources, and including Central American palm nuts, was under 400,000 pounds. (The figures for 1918–1920 are shown in Table 41.) The increased importation shows from one point of view that the differential duty of British West Africa has not proved a prohibitive one,65 and from another point of view that other satisfactory sources have not been found from which to derive supplies of palm kernels.

64 The shipment from South Africa was evidently transit trade. Plantations of West African palms have been established in the Straits Settlements.

65 The revenue collected from the differential export duty in the first 9½ months to July 31, 1920, was in Nigeria nearly £22,000, and in the Gold Coast nearly £2,000. (Statement in House of Commons, Oct. 28, 1920.) This shows that about 25,000,000 pounds were exported to foreign countries in this period.
PROTECTION OF INDIAN INDUSTRY AGAINST THE WORLD AND AGAINST OTHER PORTIONS OF THE BRITISH EMPIRE.

INDIAN OPINION IN REGARD TO PROTECTION.

India has a very simple tariff, with as yet practically no protective features and with one exception without preferential arrangements for trade with the rest of the British Empire. A change of policy in either respect in so large a market is of importance and the forces demanding such changes call for some consideration. Attention will be directed first to the movement in favor of a protective tariff in India with the slight success already won in regard to cottons and secondly to the movement for a preferential tariff in favor of the British Empire. The proponents of this policy have also scored one success, the differential export duty on untanned hides and skins.

The public opinion of India has never been convinced of the advantages of free trade. It opposed the abolition of duties in the seventies, particularly those on cottons, and since 1896 there has been a persistent demand for protection and specifically that a beginning be made by taking off the internal tax on cottons which until 1917 was equal to the duty upon the imported article. The protectionists of India base their case on the infant industry argu-

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76 "The question of cotton duties has been one of the most exciting questions that has exercised the public mind of India for the last 50 years. It is one of the few on which the Indian and the resident Anglo-Indian hold exactly the same views. It affects an industry in the prosperity of which the Indian and the resident Anglo-Indian mill owners are equally interested." (Jalpaig Rai: Op. cit., p. 150.)

77 When the import duty was increased in 1917 with no change in the rate of the excise, the viceroy, Baron Chelmsford, addressed his council in a way which shows the importance with which the question is regarded in India. "And is not the imposition of an extra duty on cotton goods, thus raising the import rate to our general tariff level, an event which of itself makes this budget and this session memorable? A grievance has thus been removed which has been for a long time a standing source of irritation."

In replying to a deputation of cotton manufacturers on Mar. 12, 1917, Mr. Austen Chamberlain (then secretary of state for India) said that no British official on the Indian legislative council would vote for an excise on cotton textiles, except on orders. "There was no representative of Indian native opinion who had not from the first regarded and did not now regard the special position hitherto accorded to cottons in the Indian market, unlike that of any other British trade, as a great and growing grievance and an injury to India. There was not one of them who did not deeply resent it. "There was no question on which there was such complete unanimity as there was among all classes of both races, official and unofficial, upon this subject. There was no question on which all India was so absolutely united." The previous year the viceroy had warned them "that the question was becoming one of the solidarity of India and England." The minister concluded by saying that "His Majesty's Government can not hold out any hope whatever, and it would not be kind to keep you in uncertainty."

The committee appointed in March, 1920, to consider the question of a preferential tariff for India conclude the report thus: "Finally, it may be presumed to be the case that no scheme of preferential duties in favor of Empire products could possibly be considered which did not provide for the abolition of the cotton excise duties."
ment and on the ideas of Friedrich List's National Economy. They argue that India was formerly a great industrial nation; that the introduction of machine industries in Europe, together with steam navigation and the building of railways in India, ruined the industries of India and is still forcing that country to depend more and more exclusively on agriculture. They object to this ruralization on social as well as on economic grounds, and believe that protection for a few selected industries for a period of years would enable them to establish themselves on a large scale. The free traders rely on the orthodox arguments—the interest of the consumer in low prices, the economy of the division of labor with each country specializing in that in which it holds relatively the most advantageous position, the difficulty of limiting or removing duties once imposed, and the stimulus of free competition. This last point is emphasized by Lees Smith, who dwells on the natural conservatism of the Indian disposition and on the lack of discipline and the general inefficiency of Indian labor.

The imposition in 1917 of a protective rate of 7½ per cent ad valorem on cottons, as compared with the excise of only 3½ per cent, was avowedly a war measure. As such, accompanied by a gift of £100,000,000 toward the expenses of the war, it was accepted unanimously by the British House of Commons; but Baron Chelmsford stated that the question of the Indian cotton duties would “be considered afresh when the fiscal arrangements of the various parts of the Empire come to be reviewed as a whole after the war.” In the meantime the import duty on cottons has been advanced to 11 per cent from March 1, 1921, and, in spite of a need for revenue which caused a general increase of tariff rates, the excise duty remains at 3½ per cent. Protection to the extent of 7½ per cent ad valorem is thus afforded to the Indian cotton industry. The Indian Government, however, disclaim any protective intention, and insist that the Indian tariff is still “purely a revenue-producing tariff” and that no fundamental change has been made in the tariff policy. But they think that the whole question of India’s fiscal policy should now receive an exhaustive examination, and their language indicates that this examination should be directed primarily to the question of free trade vs. protection, and only secondarily to that of a preferential policy.

88 Baron Chelmsford’s address, previously quoted.
89 It may be noted that Lord Hardinge, in 1916, in proposing the raising of the import duty, took the position that the excise should remain unchanged “subject to the possibility of its being altogether abolished when financial circumstances are favorable.”
90 After referring to other matters, the statement of the Government of India continues:

“...We felt, however, that, in view of the very great trade depression in England, which is far worse than anything which now obtains in India, it would not only be desirable but our duty to make clear to His Majesty’s Government on behalf of India that our proposals for increasing the import duty on cotton goods, among other articles subject to the general tariff, had the sole object of producing additional revenue, and had no ulterior motive of a protective or any other kind. Nay, we will go further and say that it would ill-become this country, at a time when the senior partner of the Empire, on whom fell by far the severest burden of the war, both in blood and money, is anxiously endeavoring to face the most acute problem of unemployment which the exigencies of the war have produced in the ruralization of the Empire, including India, by taking the first opportunity to introduce a measure of protection against her manufactures.

“We therefore look upon this financial measure as a prelude to a reconsideration of the fiscal conditions under which the Empire was to operate, and we should indeed be manifestly impossible for this Government to initiate any fundamental departure in fiscal policy at the present juncture.

“...At present our tariff is purely a revenue-producing tariff, which, whatever may be its effects here and there on any particular trade, is admittedly not devised with any object other than that of revenue. We feel confident that not only this House but also the country at large would hesitate, and very properly hesitate, to commit themselves to any fundamental departure until the whole question of India’s fiscal
The movement for protection for Indian industry has little in common with the movement for imperial preference except that the preferential movement in England, in so far as it leads to the imposition of duties on goods from outside the Empire, strengthens the Indian demand for protection. Indeed, it has frequently been pointed out that if the Government of the United Kingdom should adopt measures of protection—as it has now done—it would no longer be possible in a political sense to refuse the protectionist demands of India. The great services of India in the war, and the fiscal autonomy conferred in the constitution of 1919, emphasize this. Finally, the increase of the Indian duty on cottons in 1921 in the midst of a great depression in Lancashire demonstrates the inability of England's greatest exporting industry to withstand the protectionist influences surrounding the Government of India.

It remains to be seen, however, whether the cotton and certain other interests in England can prevail in obtaining from India some general scheme of imperial preference by which British goods will pay less than the full duty laid upon others or whether India will maintain as great an amount of protection against British manufactures as against others. As already seen, the British have so large a proportion of the trade that the people of India feel that protection is needed first of all against Great Britain. On the other hand, in the cotton trade it is the competition of the United States and Japan which is most felt because these countries make the cheaper qualities which compete most directly with the cottons turned out by the Indian mills. This competition is felt not only in India but in China also, to which India has exported considerable quantities of cotton goods.

The present attitude of the Government of India toward a preferential tariff is expressed in the following quotations. They have appointed a commission "to examine, with reference to all the interests concerned, the tariff policy of the Government of India, including the question of the desirability of adopting the principle of imperial preference, and to make recommendations"; and in connection with a question raised in the House of Commons, it was announced through the India office that:

The Government of India desires to take advantage of the honorable member's reference to the question of imperial preference to make their own attitude in regard

policy has been thoroughly and exhaustively examined by a competent and impartial body. We feel, however, that the time has now come when that examination should be begun. We feel, further, that the examination should not be confined to India's own fiscal needs, but should embrace an inquiry into the steps which India can take in order to recognize her fiscal obligations to the other members of the Empire of which she is a part. We have been in correspondence with the secretary of state for India, and an announcement on the subject has been made this morning." (The Manchester Guardian, Mar. 3, 1921, p. 8.)


82 The Council of the Manchester Association of Importers and Exporters appealed to the British Government against the Indian cotton duty of 1921 on the ground "that in their opinion the increase in the ad valorem rate of duty on British cotton goods will have a disastrous effect on the industry of Lancashire, one of the principal mainstays of British trade, while at the same time it must bear heavily upon the teeming population of India who are large consumers of cotton fabrics and can ill afford to bear the smallest increase in the cost of their clothing."

83 This is a clear case where the excise duty on Indian manufactured cottons should be raised to the same level as that of the British productions, which would have the effect of more readily reaching the desired object of obtaining the revenue sought for it. ** **

84 This is a time, even more than any other, when the legislative enactments of all parts of the Empire should be made with a view to coordinating the interests of the whole and to endeavor to make them as far as possible to serve the interests of the local governments, and at the same time those of the other parts of the Empire. It is believed that it is necessary to the interests of the agricultural and industrial peoples of India and the operatives of Lancashire that cotton fabrics should percolate through India at the lowest cost. It is also believed that the prosperous position of the Indian cotton mills does not call for any differential duty in their favor at the expense of the Indian consumer."
to this subject clear. In the event of some scheme of imperial preference being found consistent with India’s interests, the Government of India hope that India will not stand aloof from such a scheme, so that India's solicitude for the solidarity of the Empire may be established. But they propose to take no decision until the question has been examined by the commission. If, on the report of that commission, the principle is accepted, the principle can be given effect to only by legislation, and it will be for this assembly to decide whether that legislation should be passed or not. Mr. Montagu, the secretary of state for India, anticipates that the commission will report in favor of a protective tariff, because he thinks “that India is nearly wholly in favor of protection,” and he has “never met any Indian, with the rarest possible exceptions, who believes in any doctrine but protection.”

OPINION IN REGARD TO A DIFFERENTIAL TARIFF.

The introduction of preferential features into the Indian tariff system has been under discussion ever since Mr. Joseph Chamberlain made imperial preference a political issue. The results of two official investigations into this subject made in 1903 and 1920 may be summarized briefly. The earlier, representing the opinions of Lord Curzon’s Government in India, was distinctly adverse; the recent report was noncommittal, with no positive recommendation except that another committee should be appointed to consider the matter more in detail. The adverse view expressed in 1903 was based on three grounds: That imperial preference would cause difficulties in India’s finances; that it would be of no considerable advantage either to India or to Great Britain; and that it would involve danger of retaliation. The report made in 1920 is based on the earlier report whose conclusions are criticized and modified as follows:

The Government of India in 1903 attached great weight to the danger of retaliation by foreign countries. They even said that a tariff war might prove disastrous to India’s financial system. They looked upon this as a serious risk, not because the danger appeared imminent, but because of the magnitude of the disaster which they conceived as a possibility. The committee of 1920 “are unani-
mously of the opinion that in view of the demand for our raw materials, there is no danger to be feared on this score, and that the apprehensions of Lord Curzon’s Government in respect of this particular aspect of the question would in present circumstances be unreal.” The committee of 1903 assumed that the method by which preferential duties would be introduced would be the reduction of the rate upon British goods rather than the increase of the rates upon foreign goods, and as two-thirds of the imports were from Great Britain, this would entail serious loss to the Indian treasury. To the committee of 1920 it seemed “probable that if we are to secure from our customs duties the financial resources which we require, the adoption of a system of imperial preference would entail the raising of the present import duties against foreign nations. This would presumably result in raising to some extent the prices of imported commodities to

83 The Manchester Guardian, Mar. 4, 1921, p. 12.
84 Manchester Guardian, Mar. 29, 1921. In replying to a deputation of Lancashire cotton manufacturers Mr. Montagn defended the imposition of the duty on cottons as being a revenue measure and pointed out that a motion of Bombay mill owners (nonofficial European members) to make the general ad valorem rate 121 per cent had been rejected by the assembly on the ground that 11 per cent would produce the necessary revenue. For the terms of reference and the names of the Indian fiscal commission, see The Times (London), Oct. 4 and 14, 1921.
85 See also the memorandum laid before the colonial conference, 1907, cited above.
86 They did, however, quote opinions to the effect that since India exports chiefly raw materials, foreign countries could retaliate only by handicapping their own manufactures.

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the consumer in India, and from this aspect would be likely to be injurious."

In the third place the committee of 1903 opposed the introduction of imperial preference into India on the ground that little would be gained either by Great Britain or by India. In many fields the English had practically a monopoly of the trade and in some they could not compete at all, so that a relatively small part of the trade would receive any advantage from a preferential duty. On the other hand, India would receive little advantage from differential duties in the United Kingdom, because she already had a monopoly of the jute and lac markets and, with Ceylon, of the tea market; and on foodstuffs, such as wheat and rice, no differential rate of any great amount could be expected and other parts of the Empire would share in the advantage at least as to wheat. The committee of 1920 found that there had been in the years intervening little change in respect to this argument, though what change there had been was all in the direction of making the introduction of a preferential system in India of greater advantage to Great Britain. The committee concluded that "though India may have little to gain from a scheme of imperial preference she is not likely to lose more than she gains" and that a favorable rate of duty would be of no small advantage to the United Kingdom, in so far as the Indian import trade is concerned, admits of no question. While it is still true that the large portion of our import trade from the United Kingdom is, in present circumstances, comparatively secure from foreign competition, a portion, which may be reckoned at not less than 15 millions sterling and which has a distinct tendency to increase, remains in which competition is effective."

Further details upon the questions of retaliation and of the benefit to be derived by the British Empire from imperial preferences in India may be taken from the committee's report and from the minute accompanying it.

The committee do not fear retaliation because:

there is every reason to suppose that the conclusion of peace initiates a period of keen competition for the world's raw materials. * * * In respect of many of these materials, the position of the British Empire, and more particularly of India, appears to be one of great strength. India holds a practical monopoly of jute and lac, a modified monopoly with respect to teak, mica, myrobalans, short-stapled cotton, and certain weights of hides, while in the case of oilseeds and rice, it is highly improbable that foreign nations would be able to dispense with or even materially reduce their demands on this country. 88

The value of these materials for which the world is dependent in greater or less degree upon India is indicated in Table 42, but in reading these official figures it should be remembered that through 1919 rupees were officially converted into pounds sterling at 15 Rs. = £1. 89

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87 The tariff commission (British, 1906) estimated on the basis of the trade of 1906-7 that English trade to the extent of £10,000,000 annually might receive some benefit from a preferential duty in India. Tariff Comm., London, M M 38, The Trade Relations of India with the U. K., Br. Poss., and Foreign Countries, pt. I.

88 The committee continue: "If this view is correct, and our export trade is not likely to be seriously prejudiced, the danger of disturbing our favorable balance of trade and the risk to the stability of our currency policy, on which Lord Curzon's Government rightly laid great stress, need not give cause for serious anxiety. In this statement it is assumed that any preference to be given in India to Empire products shall in general be to a moderate extent. The view has not infrequently been expressed that one of the reasons why the world-wide extension of our Empire has hitherto received the acquiescence and even the good will of the majority of foreign nations has been our adoption and maintenance of a policy of free trade. If the preference accorded were excessive, this good will would disappear, while, on the other hand, a moderate degree of preference to Empire products should not be regarded by foreign nations as more than a matter of domestic concern."

89 See note on p. 341.
In regard to the possibility of retaliation by the United States the committee's opinion is as follows:

Our chief exports to the United States of America are jute manufactures £5,227,000; raw skins £1,866,000; raw jute £1,553,000; lac £625,000; raw hides £459,000; linseed £329,000. The jute position is secure, and the importance of our raw skins for the American boot and shoe industry renders it extremely improbable that America would take any action which would restrict our exports. The same remark applies, though with less force, to raw hides, while in lac we possess a not unimportant monopoly. The position of linseed is less secure. We could, if necessary, retaliate against American opposition by increased duties on mineral oils and on their rapidly extending trade in motor cars, though in the case of oil the interests of the Standard Oil Co. in other parts of the world are so great that the loss of this market would not seriously affect them. Altogether it seems extremely improbable that the United States would introduce a tariff specially directed against Indian exports, and it seems probable that they could not do us much harm if they did.

The minute attached to the committee's report discusses in like manner the trade relations of India with each of the leading countries and then discusses the state of the trade of each commodity of importance among India's exports. The committee conclude:

that while there is a possibility of some loss to our export trade in coconut products (copra and coir), linseed and possibly also in sesbania (til) seed and hemp from retaliatory action on the part of foreign countries, there is at least as great a gain to be anticipated from favorable treatment accorded by the Empire to some of our products, such as tanned hides and vegetable oils. The probable balance of advantage does not seem to be adverse to India.

The minute submitted by the committee concludes as follows:

The foregoing examination seems to suggest that a scheme of Imperial preference would result in some gain to the Indian export trade in rubber, coffee, tanned hides, vegetable oils, tea, and, temporarily at any rate, indigo, and possibly also in cotton manufactures and tobacco, while some loss from retaliatory action on the part of foreign countries is possible in coconut products, manganese, linseed and perhaps also in sesame (til), myrobalans and hemp. On the whole, it seems probable that the gain will be at least as great as the loss.

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1 The committee uses the average figures for the quinquennium before the war.
As far as the interests of the United Kingdom and the rest of the Empire are concerned, it seems obvious that the position stated in the despatch of 1903 to the effect that a preferential tariff system in India might be of appreciable advantage to the United Kingdom still holds good. The aggregate value of our imports from the United Kingdom amounts to £61,000,000 sterling. By far the most important of these imports are, of course, cotton manufactures in which Lancashire holds the commanding position. In certain lines of this trade, however, the competition of foreign countries, particularly of Japan, has recently become of importance. Japanese producers work at a very small margin of profit and are year by year spinning more of the finer counts. A preferential tariff in favor of the United Kingdom would render the latter's position more secure. In addition to cotton manufactures, the United Kingdom would have something to gain by a preferential tariff in India in respect of the following articles, the figures being those for the quinquennium ending 1913–14 [see Table 43]:

Table 43.—Trade in which imperial preference would give an advantage to Great Britain.

<table>
<thead>
<tr>
<th>Article</th>
<th>Average imports, 1906–10 to 1913–14</th>
<th>Imports, 1917–18</th>
<th>Imports, 1918–19</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the United Kingdom.</td>
<td>From foreign countries.</td>
<td>From the United Kingdom.</td>
<td>From foreign countries.</td>
</tr>
<tr>
<td>Chemicals</td>
<td>464</td>
<td>$1,136</td>
<td>1,220</td>
</tr>
<tr>
<td>Clocks and watches, and parts thereof</td>
<td>19</td>
<td>129</td>
<td>4</td>
</tr>
<tr>
<td>Drugs and medicines</td>
<td>300</td>
<td>260</td>
<td>354</td>
</tr>
<tr>
<td>Dyeing and tanning materials</td>
<td>46</td>
<td>785</td>
<td>391</td>
</tr>
<tr>
<td>Glass and glassware</td>
<td>419</td>
<td>926</td>
<td>198</td>
</tr>
<tr>
<td>Hardware and cutlery</td>
<td>1,336</td>
<td>916</td>
<td>749</td>
</tr>
<tr>
<td>Liquors</td>
<td>802</td>
<td>479</td>
<td>1,077</td>
</tr>
<tr>
<td>Machinery and mill work</td>
<td>3,298</td>
<td>862</td>
<td>2,066</td>
</tr>
<tr>
<td>Metals, copper</td>
<td>1,116</td>
<td>931</td>
<td>303</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>4,641</td>
<td>1,293</td>
<td>1,947</td>
</tr>
<tr>
<td>Motor cars, cycles and parts thereof</td>
<td>4,496</td>
<td>108</td>
<td>104</td>
</tr>
<tr>
<td>Paper and pasteboard</td>
<td>480</td>
<td>354</td>
<td>413</td>
</tr>
<tr>
<td>Provisions</td>
<td>909</td>
<td>855</td>
<td>288</td>
</tr>
<tr>
<td>Silk manufactures</td>
<td>127</td>
<td>1,587</td>
<td>88</td>
</tr>
<tr>
<td>Stationery (excluding paper)</td>
<td>276</td>
<td>107</td>
<td>290</td>
</tr>
<tr>
<td>Toys, etc</td>
<td>112</td>
<td>151</td>
<td>63</td>
</tr>
<tr>
<td>Umbrellas, etc</td>
<td>165</td>
<td>108</td>
<td>94</td>
</tr>
<tr>
<td>Wool manufactures</td>
<td>1,255</td>
<td>817</td>
<td>1,227</td>
</tr>
<tr>
<td>Total</td>
<td>16,101</td>
<td>10,342</td>
<td>10,576</td>
</tr>
</tbody>
</table>

1 The table and the next two footnotes are taken from the minutes of the committee, to which figures for 1917–18 and 1918–19 have been added.
2 In the case of those articles against which a (?) has been placed, the chief foreign importer is an enemy country.
3 Since the war the trade in motor cars has been diverted to America, the value of cars imported from America and the United Kingdom respectively in 1916–17 being £815,000 and £163,000. But see note on p. 332 for the inclusion of Canadian with American cars in the Indian statistics.

As far as the Dominions and colonies are concerned, the position is materially the same as it was when Sir Edward Law wrote. They have not very much to gain from a preferential tariff in India except in the case of Mauritius, which will benefit so far as her sugar is concerned.

Indian writers seem to be almost as unanimous in opposing the granting of preference to other British territories as in favoring protection of Indian industry against all outsiders.}

1 I. e., the report of 1903.
2 For an exception see Jadunath Sarkar, Economics of British India, 1913. V. G. Kale mentions one member of the representative council who advocated preference, but his only object in so doing was that it should be used in securing the introduction of protection. Indian Economics, p. 225.
PROPOSED DIFFERENTIAL EXPORT DUTY ON JUTE.

No general plans for differential import duties appear to have been worked out and presented for public discussion; nor have any such duties been imposed as yet. Differential export duties were not discussed in the reports mentioned, but export duties which are both protective and preferential have been imposed upon untanned hides and skins, and a proposal for a similar duty on raw jute has been put forward officially.

Jute is an article of great importance, since it is the commercial wrapper of the world. It is used chiefly as bags, sacks, burlap and "cotton bagging"; in addition, enormous quantities are used as backing for linoleums and carpets, and in cordage and twines. Jute is grown exclusively in India and more than half of it is manufactured there, but there are important factories in the United Kingdom, chiefly in Dundee. These latter had, formerly, a monopoly so far as Europe was concerned, but protective tariffs have built up the industry on the continent, usually by the imposition of a duty first on the bags and sacks and then on the cloth. For many years the manufacture in the United Kingdom has remained practically stationary, and the continental countries have begun to cut into the export trade.

The departmental committee appointed by the Board of Trade to consider the position of the textile trades after the war recommended in 1918:

That the attention of the Indian Government be called to the opportunity offered by India's monopoly in the production of jute to safeguard for the British Empire and its Allies the supplies of the fiber. To this end we recommend the imposition of an export duty (£5 per ton has been suggested by expert witnesses) on shipments of raw jute from India to all destinations with a total rebate of the duty in favor of the British Empire, total or graduated rebates in favor of its Allies, and graduated rebates in favor of such neutral countries as may offer reciprocal concessions.

The committee reported that the representatives of the jute trade were unanimously in favor of the imposition of this duty of £5 a ton ($24.33) and they justify it by pointing out the completeness of the Indian monopoly. Though the price of jute has varied from £12 to £36 per ton in recent years, the high price has neither checked consumption nor brought forth any substitute fiber. The duty, therefore, would have to be paid by the foreigner if he did not buy from the British manufacturers. In other words, they present this as a clear example of the situation in which, it is agreed by all economists when a country has an absolute monopoly of a certain product and the product is both a necessity and without a competing substitute, the whole or practically the whole of any reasonable export duty on that product must be paid by the foreign purchaser.

The Bengal Chamber of Commerce, however, supported by the Indian Jute Mills Association, the Calcutta Baled Jute Association, the Baled Jute Shippers' Association, the Jute Fabrics Shippers' Association, the European Jute Dealers' Association, and the Jute Fabrics Brokers' Association, disapproves of the proposed export duty. They feel that conditions may arise endangering their monopoly. "The cost of labor in India is rising, and several materials are being experimented with which may eventually compete with jute. Substitutes are bound to appear if the rise in price be sufficiently
great. In particular these Indian interests object to the proposal on the ground that it would grant freedom from duty, partial or entire, to countries, including British possessions, which impose import duties on manufactured jute.

There should be no question of giving something for nothing. The export duty on raw jute ought not to be a merely arbitrary imposition. On the contrary, it should be levied in respect of each country on a scale in direct relation to the import duties levied by that country on jute goods. The greatest advantage attaching to such a duty would be that, if skillfully used, it would enable India to force down the duties levied by importing countries on British-made goods; and there is no reason why the jute industry should forego this advantage.

After mentioning some of the difficulties encountered in collecting different rates of duty on exports to different countries and stating that they are not insuperable, the statement of the Bengal Chamber of Commerce suggests that the existing duties on jute may be modified for purposes of retaliation against the imposition of foreign import duties upon jute manufactures, "keeping in view the desirability of reducing to the lowest possible limit those [foreign import duties] on jute goods, and at the same time increasing those [British Empire export duties] on raw jute, to the extent necessary to protect the manufactures and interests of the Empire."

THE DIFFERENTIAL EXPORT DUTY ON HIDES AND SKINS.

Effects of the war on the Indian tanning industry.—Tanning is an ancient industry in India, but in recent times most of the hides and skins have been exported untanned or only half tanned, and India has imported large quantities of finished leather and leather goods. The war produced great changes. The trade in hides and skins was subject to strict control, and from August 1916 the British war office requisitioned all hides and every effort was made to develop the tanning industry in India. These efforts met with considerable success, but hides must be distinguished from skins in this connection. Though the tanning of both was stimulated in the earlier part of the war, the demand for the heavier grades of leather was so much the greater that after April 28, 1917, the tanning of skins in India was prohibited entirely and the plants and employees were as much as possible converted and diverted to the tanning of hides. As a result of this measure the end of the war found India producing several times as much of the heavier leathers as ever before, but the industry of tanning skins had been completely disorganized.

The differential export duty.—On August 27, 1919, an embargo was imposed upon the exportation of hides and skins to points outside of the British Empire, except as licensed. There was some criticism of this measure and it was practically withdrawn after a week's operation.  

On September 11, 1919, a plan which had received some consideration for several weeks was suddenly presented in the Indian legislative council in the form of a bill. At the same time it was proclaimed provisionally in force under the act for the provisional collection of taxes, so as to avoid loss of revenue through large transactions in anticipation of its application. This bill was presented by Sir George Barnes, commerce and industry member of the viceroy's

It still applied to Scandinavian countries and the countries lately at war with the British Empire.
legislative council—that is, it was a Government bill. It proposed an export duty of 15 per cent on untanned hides and skins, with a rebate of two-thirds of this amount on exports to be tanned within the British Empire. In introducing this measure Sir George Barnes spoke in part as follows:

It is common knowledge to all honorable members that before the war the hide trade was monopolized by the Germans, and at that time the tanning trade in India was comparatively very small. Great changes were brought about by the war. Immense quantities of leather were required for war purposes for soldiers' boots, for saddlery and for equipment of various kinds, and sufficient tanneries for converting hides into leather were not available outside Germany. The result was that tanneries for this purpose sprang into existence in India under the guidance, and with the friendly assistance, of the Indian munitions board. In this way India rendered an immense service to Great Britain and her allies in the war, and incidentally greatly benefited herself. While the tanning of hides in India was fostered and stimulated by war requirements, the tanning of skins was injured, for it was found necessary to divert the energies of the skin tanners to the tanning of hides for military requirements. In fact during a part of the war it was unfortunately necessary to prohibit absolutely the tanning of skins. The present position is that we have in India at the present time some hundreds of tanneries for the tanning of hides, a large number of which have come into existence in order to satisfy military requirements during the war.

We have, in fact, the foundation of a flourishing tanning industry, but there is reason to fear that it may tend to dwindle and disappear with the diminution of military requirements if some other support is not given. We want to keep this industry alive, and we believe that in this case protection in the shape of a 15 per cent export duty is justifiable and ought to be effective. It is clearly just also that the same measure of protection should be extended to the tanners of skins, whose business, as I have already stated, was injured by the necessities of the war. Though Indian tanneries have enormously increased in number during the past three years, they can only deal with a comparatively small proportion of the raw hides and skins which India produces, and it is to the advantage of India and the security of the Empire generally that the large surplus should so far as possible be tanned within the Empire. With this in view the bill proposes a 10 per cent rebate in respect of hides and skins exported to any place within the Empire. I should add that it is proposed to limit by notification the benefit of this rebate to hides and skins actually tanned within the Empire, and Indian hides and skins reexported from the Empire for the purpose of being tanned abroad will not be entitled to any rebate. I need not tell you, sir, that the effect of the bill on the producers of raw hides and skins has been most carefully examined by our expert advisers. We have no desire to benefit Indian tanners at the expense of Indian cattle owners or dealers in hides and skins. We are advised that the world demand for Indian hides and skins is so great that there is no risk of any injury being done. We have no cause to be afraid of the competition of the raw hides and skins from other countries in the world's leather market. India has almost a monopoly in respect of skins and produces such a very large proportion of the lighter types of hides, which are by far the most suitable for certain purposes, that the world will never be able to do without Indian hides in one form or another.

It will be observed that the duty was justified by different reasons for hides and for skins. For hides the reasons were that hide tanning requires special protection because the industry made its great advance under abnormal conditions, because it supplies military needs, and because Germany is the country whose competition is feared and which, if previous conditions are allowed to return, will control the market. In the early eighties Germany and Austria-Hungary had taken only 4.7 per cent of the raw hides of India, but this percentage had grown until in the five years preceding the war the figure was 56.6 per cent. Special shipping facilities direct to Hamburg and Bremen had been provided and a combination of seven large firms (German or with strong German connections) controlled the trade.

The bill did not receive the support of the exporters of hides and skins and the opinion was expressed that it would seriously damage the producers, but on September 17 it was passed by the legislative council with only one dissenting voice. Amendments to make the rate 20 per cent, to omit the preference to the Dominions, and to omit the preference for any Dominions which discriminated against India were defeated.  

**Rate and differential.**—The act which went into force on September 11, 1919, levied an export duty of 15 per cent ad valorem on all raw hides and skins exported from India, except those which went in fulfillment of contracts made previously. The preferential feature of the act was its provision for a rebate of 10 per cent ad valorem—two-thirds of the duty imposed—upon all exports to any part of the British Empire for which bonds were given that within six months the goods would be delivered for tanning to a tannery within the Empire. The ad valorem duty was converted to specific rates by means of official valuations as is usual in the application of the Indian tariff. These valuations are subject to change by executive action and have been changed several times since their announcement in September, 1919. Under this system the rates actually levied may, of course, be greater or less than the 15 per cent ad valorem. The valuation first assigned was said to result in a rate equivalent to only 8 per cent ad valorem on prime light hides. On arsenicated cow and buffalo hides the rates are not the same in India and Burma.  

**Effects of the differential export duty.**—The short period and the unsettled conditions since this preferential duty went into operation prevent any statistical conclusions as to the extent to which it has affected trade, but it is evident that its effect can not be other than detrimental to the interests of the United States. Some points may be noted under three headings, the incidence of the duty, protection to the Indian tanning industry, and the preferential feature and the interests of the United States.  

**The incidence of the duty.**—Under ordinary circumstances export duties fall on the producer. Sir George Barnes in proposing the export duty on hides and skins told the legislative council that India had practically a monopoly on the lighter hides and on skins and that it was expected that the duty would be borne by the consumer. Three comments may be made on this: (1) India furnishes only about one-third of the world’s supply of goatskins (in which the United States is chiefly interested) and has therefore only a very partial “monopoly.” (2) The belief that the duty would be borne by the consumer was not shared by local producers and exporters who strongly opposed the duty.  

(3) Such a duty can be shifted to the consumer only where the monopoly is sufficiently complete to force an increase in the level of prices for the whole world’s supply and only to the extent of such price increase. This increase of price constitutes for the producers, or potential producers, in all other countries a premium as compared to former prices and so tends to stimulate production in other countries and therefore to break down the monopoly. A Calcutta paper, Capital (Oct. 31, 1919),  

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16 But the exporters would expect to be injured by the protective feature, regardless of the incidence of the duty.
assumes that the duty could be shifted to the producer in this manner, but suggests that the Indian tanning industry can be put upon its feet and this duty removed before this shifting takes place.

The immediate effect of the imposition of the duty was obscured by other factors. A writer, who signed himself "Indian Merchant," states that the imposition of the duty lowered the price in India by 13 per cent, making due allowances for contemporary changes in the value of the Indian and European currencies. The weekly reports published in Hide and Leather show that the market was dull at that time and that sales were held up because of the agitation to repeal the duty. Shortly after the duty went into effect the market stiffened and in a few weeks prices rose by 50 per cent. This rise, together with the complexities of the foreign exchange situation, make it even more difficult than usual to determine the effect of the duty. The rise in prices was due to shortage of stocks in the United States, orders from Germany, revival of skin tanning in India, a 20 per cent export duty in Spain, and an embargo in Sweden, as well as to less specific causes such as the realization that a return to peace conditions would not mean an immediate fall in prices. The differential feature of the duty also complicates the situation. Altogether it is perhaps impossible to determine what part the duty played in the price movements of the period.

Protection of Indian tanning industry.—The Indian Government does not believe that the tanning industry as it now exists in India can hold its position, at least during the transition period, without protection. Tropical tanning has not been entirely successful and the chrome leather of India was not acceptable to the British war office. The vegetable barks used in India are not unlimited in quantity. The quantity and quality of the possible Indian production remain therefore problematic. On the other hand much scientific study is being given to the subject in India and the defects of quality may be overcome. The industry is at present still expanding; but it does not appear that India is likely for many years to come to supply even her own market. As to competition in foreign markets it may be noted that the cost of tanning has doubled in India and that the increased value of silver has put all exporters in India at a disadvantage as compared with the prewar situation. It may be noted further that the specific export rates fall less heavily in proportion to the value on the best grades of hides and skins and therefore these qualities will be exported, leaving the poorer materials for the Indian industry. The letter of "Indian Merchant" stated that the duty as actually levied came to only about 8 per cent ad valorem on prime light-weight hides but that it was 16 per cent on rejections.

The preferential feature and the interests of the United States.—The preferential feature—the rebate of two-thirds of the duty, equal to 10 per cent ad valorem—is undoubtedly of more importance to the United States than the protective feature. It is reported that the

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1 This is a general statement, but the industry was much depressed in 1920. The American consul at Madras reported in May that the Southern India Skin and Hide Merchants' Association had resolved that tanning and shipment of the product should be stopped in the case of skins for three months and in the case of hides for six months. (Commerce Reports, June 15, 1920.)
2 The Times Trade Supplement, Oct. 25, 1919
duty has already resulted in the importation of Indian hides into Canada directly instead of through New York because of the difficulty in establishing a claim to the rebate if the importation is indirect, but the exchange situation has also been operating against Canada's purchases through New York. This change means some loss to American transportation interests but does not directly affect the question of competition in the leather industry. If the most convenient route previously was that through New York the change to direct shipment to Canada presumably does not yield a net gain of the whole amount of the rebate.

Whatever the incidence of the duty and whatever the price levels, the duty compels American importers to pay nearly 10 per cent more for Indian skins than is paid by British and Canadians, or to put it the other way, it enables the latter to obtain Indian skins about 9 per cent cheaper than their American competitors. When skins rose to $1.50 and $2.50 per pound this was a serious matter and the memorandum from the Philadelphia Chamber of Commerce states that the amount of the differential duty exceeded the profit of the tanners in this country. The same memorandum states that American tanneries produced $100,000,000 worth of glazed kid annually. This leather is produced chiefly from goatskins. The Labor Herald gives 19,000 as the number of the employees in this country affected directly by the duties on Indian hides and skins.

The extent to which the United States has been dependent on India for its raw hides and skins is shown in Table 44 which gives the importations into the United States in recent years. The extent to which India is dependent upon the United States as a market is shown in Table 45. In reading the tables it must be remembered that the figures give the immediate rather than the ultimate origin or destination of the trade and that Government control of trade and shipping during the war frequently diverted trade from its usual channels. Particularly, it should be noted that while Indian hides were practically monopolized by the British war office, India was forced to export its skins in a raw condition because from April 1917 the use of tanning materials was restricted to hides. The United States imports also relatively small quantities of horse hides and miscellaneous hides not separately enumerated. In 1916 and earlier years small fractions of these small quantities were derived from India but it has not been thought necessary to tabulate the trade of these minor varieties.

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4 Hide and Leather, Oct. 4, 1919, p. 23.
### Table 44.—Imports of untanned hides and skins into the United States from India for fiscal years 1916 to 1920.1

<table>
<thead>
<tr>
<th>Item</th>
<th>1916</th>
<th>1917</th>
<th>1918</th>
<th>1919</th>
<th>1920</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total imports from India</td>
<td>Imports from India</td>
<td>Per cent from India</td>
<td>Total imports</td>
<td>Imports from India</td>
</tr>
<tr>
<td>Goatskins</td>
<td>27,406</td>
<td>8,157</td>
<td>29.5</td>
<td>55,420</td>
<td>16,719</td>
</tr>
<tr>
<td>Cattle hides</td>
<td>88,020</td>
<td>3,009</td>
<td>3.5</td>
<td>162,251</td>
<td>5,173</td>
</tr>
<tr>
<td>Calfskins</td>
<td>19,907</td>
<td>2,345</td>
<td>13.9</td>
<td>40,036</td>
<td>4,523</td>
</tr>
<tr>
<td>Sheepskins</td>
<td>15,839</td>
<td>883</td>
<td>5.7</td>
<td>23,581</td>
<td>1,710</td>
</tr>
<tr>
<td>Buffalo hides</td>
<td>2,468</td>
<td>1,273</td>
<td>51.7</td>
<td>6,125</td>
<td>2,963</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>153,665</td>
<td>16,335</td>
<td>10.6</td>
<td>320,670</td>
<td>30,088</td>
</tr>
</tbody>
</table>

1 Monthly Summary of Foreign Commerce of the United States, June, annually.
2 In 1912–1916 from one-third to one-half of the goatskins were green and pickled and in this item the British East Indies and Malaya are included with British India for these years.
3 For 1916–1918 these figures contain from 0 per cent to about 15 per cent of hides green or pickled, and for these hides British India is not distinguished from other British possessions in Asia other than Hongkong.
4 For 1916–1918 these figures contain from 0 per cent to about 5 per cent of hides green or pickled, and for these hides British India is not distinguished from other British possessions in Asia other than Hongkong.
5 For 1916–1918 these figures contain not over 5 per cent of hides, green or pickled, and for these hides British India is not distinguished from other British possessions in Asia other than Hongkong. No green sheepskins were imported in 1917 or 1918 from this source.

### Table 45.—Exports of hides and skins 1 from India (private merchandise).2

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw hides:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>166</td>
<td>570</td>
<td>436</td>
<td>705</td>
<td>857</td>
<td>989</td>
</tr>
<tr>
<td>United States</td>
<td>695</td>
<td>846</td>
<td>1,501</td>
<td>2,572</td>
<td>391</td>
<td>155</td>
</tr>
<tr>
<td>Italy</td>
<td>503</td>
<td>384</td>
<td>2,195</td>
<td>1,008</td>
<td>777</td>
<td>469</td>
</tr>
<tr>
<td>Spain</td>
<td>296</td>
<td>333</td>
<td>166</td>
<td>248</td>
<td>67</td>
<td>7</td>
</tr>
<tr>
<td>France</td>
<td>70</td>
<td>35</td>
<td>70</td>
<td>171</td>
<td>71</td>
<td>29</td>
</tr>
<tr>
<td>Germany</td>
<td>2,044</td>
<td>833</td>
<td>8</td>
<td>4</td>
<td>250</td>
<td>9</td>
</tr>
<tr>
<td>Austria-Hungary</td>
<td>1,229</td>
<td>332</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All others</td>
<td>405</td>
<td>148</td>
<td>156</td>
<td>201</td>
<td>252</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,531</td>
<td>3,501</td>
<td>4,524</td>
<td>4,995</td>
<td>2,057</td>
<td>1,743</td>
</tr>
</tbody>
</table>

| Raw skins:            |         |         |         |         |         |         |
| United Kingdom        | 149     | 136     | 130     | 287     | 387     | 357     |
| United States         | 1,665   | 1,323   | 1,784   | 4,023   | 2,592   | 3,390   |
| All others             | 443     | 257     | 81      | 301     | 316     | 734     |
| **Total**             | 2,260   | 1,696   | 1,995   | 4,611   | 3,295   | 4,451   |

| Dressed and tanned hides: |         |         |         |         |         |         |
| United Kingdom         | 1,081   | 1,589   | 2,083   | 2,986   | 3,261   | 4,727   |
| All others             | 25      | 18      | 9       | 9       | 9       | 18      |
| **Total**             | 1,096   | 1,607   | 2,092   | 4,995   | 3,270   | 4,745   |

| Dressed and tanned skins: |         |         |         |         |         |         |
| United Kingdom         | 1,404   | 1,280   | 1,109   | 2,317   | 655     | 1,308   |
| United States          | 263     | 173     | 481     | 826     | 204     | 270     |
| All others             | 1,22    | 149     | 109     | 87      | 43      | 124     |
| **Total**             | 1,759   | 1,552   | 1,099   | 3,231   | 704     | 1,701   |

**Grand total** | 10,429 | 8,396 | 10,260 | 15,882 | 9,525 | 12,670 |

1 Excluding cuttings of hides and skins.
2 Annual Statement of the Sea-borne Trade of British India, 1918, 1919, and 1920.
MINOR AND DOUBTFUL CASES OF PREFERENCE.

In the Seychelles Islands the import duty on dogs from the United Kingdom is 3 rupees per head as against 8 rupees on other dogs. This provision dates from 1914 or later.

In the Falkland Islands "tobacco forming an ingredient in sheep dip or hop powder" is exempt from duty only if manufactured in bond in the United Kingdom. This is a clear preference, however unimportant, though the motive is probably in essence administrative.

In the British Crown colonies with their revenue tariffs of simple schedules it is most unlikely that there are many or serious discriminations concealed in the classifications. No complaints of such discriminations have been heard, and the immense labor of checking their tariff schedules with their trade returns has not been undertaken. Not only do the indications suggest, both positively and negatively, that the tariffs of the British Crown colonies do not contain concealed tariff preferences, but there are a number of cases in which closer consideration of differentials which appear openly in their tariffs reveals that it is questionable to what extent such terms as preferential or discriminatory duties should be applied. The cases in point are certain duties on tobacco and wines designated by the country of origin, and the valuations attached in Egypt to certain Indian yarns.

In Egypt, since the autumn of 1917, special valuations have been put on certain classes of cotton yarn, differentiating in favor of imports from India. Since, however, Indian yarns are known to be of a cheaper grade, and since foreign merchants can invoke the aid of their Governments if the rates upon their importations exceed 8 per cent ad valorem, and since the valuations are in fact fixed by agreement between the Egyptian government and the merchants, it may be affirmed that the separate classification of Indian yarns does not operate as a tariff preference. With it may be compared the valuations upon "iron and steel plates, ordinary, without mark, one-eighth inch thick and upwards." These valuations are highest on British products and lowest on German and Belgian, and are, in millièmes per kilogram, as follows: British, 17½; American, 14½; Belgian and German, 12."a

The Falkland Islands charge 2 shillings per gallon or 4 shillings 6 pence per dozen reputed quart bottles of wine, but "British" bottled wines pay only 3 shillings.

Similar preferential classifications, to the advantage of Australian wines chiefly, are found in Oceania. Australia has tried without great success to build up a wine industry, and the exportation in 1911-1915 was only one-half to three-fourths of £1,000,000 annually. This went chiefly to Great Britain and New Zealand, but in smaller quantities to Ceylon, India, the Fiji Islands, and other South Pacific islands. In the Fiji Islands an apparent preference goes back at least to 1888, at which time wines were classified as:

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*a E. g., cotton single yarns, gray or bleached, Nos. 4 to 12; From India, 135 millièmes per kilo, from other countries, 220; Nos. 14 to 20, from India, 190 millièmes per kilo, from other countries, 225. These rates were for the period from Feb. 5 to Apr. 4, 1921, or until denunciation. (B. T. J., Mar. 17, 1921, p. 310.) The rates for June 5-Aug. 4 above smaller differences in the valuations. (B. T. J., July 28.)

*b B. T. J., July 28, 1921, p. 117; rates of June 16, 1921. After the national designations, occurs in each case the phrase "and similar articles from all other countries;" so that inferior British products are not penalized nor do superior German products gain an advantage.
Shillings.
Bordeaux (claret), Australian, gallon or 6 reputed quarts ........................................... 2
Sparkling wines, gallon or 6 reputed quarts ................................................................. 6
All other wines, gallon or 6 reputed quarts ................................................................. 4

On December 21, 1911, "New Zealand and South African" was added to "Australian," and on November 4, 1913, the first item of the classification was changed to:

Shillings.
Bordeaux (claret) and hock ................................................................. 2
Australian, New Zealand, and South African wines ........................................................... 2

Similarly, in the Gilbert and Ellice Islands, Australian wines at least from 1908 and New Zealand and South African wines from 1914 have paid only one-half the rate laid on those from other sources. On the other hand, in the Solomon Islands the preference—after existing from at least 1908—has been abolished (about 1914), and the same is true of the Tonga or Friendly Islands, where the rate on Australian wines had formerly been only one-fourth of that on other wines.

The only figures available in sufficient detail to exhibit the effect of this classification are those of the Fiji Islands for 1905–1908. These figures show the quantities, values, and duties paid on each class of wines for each port of entry and the totals for the whole colony. They show considerable variation in the valuations, especially among the smaller items, but on the whole prove that the separate classification of Australian wines was founded on an ad valorem basis. At the port of Suva, for instance, during the four years the duty on Australian claret came to 30.6 per cent ad valorem, and on other wines it averaged 29.2 per cent; while the higher rate paid by sparkling wines is shown to have been only 14.5 per cent ad valorem. Unless therefore there was undervaluation of the Australian wines, it is evident that the preference here is only apparent and not real—

if the true test of a preferential duty be the existence of a lower rate ad valorem.

However, it may be noted that the rate in force in Tonga for several years (one-fourth of the rate of foreign wines) was a real preference even upon an ad valorem basis; that the wording of the tariff of the Fiji Islands has since 1915 admitted the sparkling wines 6 of Australia at the same low rate as the clarets; and that the special classification of one kind of wine may well raise the question whether other relatively cheap wines should not receive separate classification also. The British colonies which do not classify wines according to alcoholic content generally divide them into not more than two classes, sparkling and other, or, as in Gibraltar and as formerly in Borneo, they divide wines other than sparkling into two classes according to price. 7 It may be that the tariffs of Ceylon and the Straits Settlements are also to be interpreted as favoring Australian wines. In Ceylon, wines other than sparkling are divided into:

<table>
<thead>
<tr>
<th>Item</th>
<th>In bottles</th>
<th>In wood</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Claret or still hock</td>
<td>1.25</td>
<td>0.50</td>
</tr>
<tr>
<td>Other wines</td>
<td>1.50</td>
<td>1.00</td>
</tr>
</tbody>
</table>

6 Australia’s export of sparkling wines, even including reexports, is very small compared to the total.
7 Borneo, for instance, in 1932 raised the dividing line from 6 shillings per gallon to 8 shillings, which, according to the prices disclosed by the Fiji figures, brought the Australian wines into the lower division, but in 1908 the distinction between wines other than sparkling was abolished.
In the Straits Settlements and in Johore, claret under 26° is classed with ale, beer, etc., and thus bears only $0.48 as against $1.60 per gallon on other still wines. As the great bulk of the Australian wine is classed as claret, unless its relative value has fallen greatly since 1908, this classification admits Australian wine at an advantage as compared to other cheap wines not claret. It would appear then that the previous practice of the British Crown colonies in regard to the taxation of wines has been departed from in a number of cases in recent years to the special advantage of Australia and more recently of South Africa and New Zealand.

The recommendation of Mr. G. A. Moore of the committee on edible oils suggests that a part of the zeal of the English in raising the colonial duties on trade spirits is due to the fact that most of these spirits have been imported from Germany and Holland and not from Great Britain. It would, however, be unduly suspicious to record the high duties long levied on these spirits in British West African colonies as instances of intentional differential treatment applied by classification. The activity of many philanthropic and missionary organizations (such as the Aborigines Protection Society which has largely concerned itself with this very question) seems sufficient to account for the stand which has long been taken by Great Britain in regard both to slavery and the liquor trade. And it should be noted that the differential duty recommended by Mr. Moore has not been imposed, but the policy actually adopted has been the entire prohibition of the importation into West Africa of trade spirits, whether foreign or British.

**CYPRUS—DIFFERENTIAL TARIFF OF 1920.**

Discriminatory duties were introduced in Malta and in Cyprus in March and May, 1920, but were soon dropped in Malta. The differential rates of Cyprus are in favor of articles produced in and consigned from any part of the British Empire, and as may be seen from the schedule printed below, the preferential rates are granted upon all dutiable articles. A number of important manufactures of the British Empire—such as cottons, woolens, malt liquors, clocks and watches, musical instruments, china and earthenware, soap, matches, and dyes—now pay only two-thirds of the full duty, while all British products not enumerated on the preferential schedule pay five-sixths of the full rate. Since many of the more important classes of manufactured goods are ordinarily dutiable at 10 per cent, the differential in favor of the British product is 3½ per cent ad valorem. In other cases the differential is usually less, as may be seen from Table 46.

The law which inaugurated the preferential tariff rates of Cyprus attached no conditions, except that the articles which received the preferences should be consigned from as well as produced in the

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8 Straits dollars, of which $1=2s. 4d.=$0.57 U. S. (prewar par rates).
9 New Zealand also gives a preference to Australian wine, charging 3 shillings as against 6 shillings on other wines, the rate for sparkling wines being 15 shillings. This preference does not seem to offset the difference in price.
10 See p. 312.
11 See p. 313 for definitions.
12 The preferential tariff rates of Malta were introduced as a Government bill in March, 1920, and were made effective provisionally from Mar. 13. The elected members of the council of Government opposed the preference and the secretary of state for the colonies instructed the governor (July 10) that he had "no wish to force Malta to give such a preference against the wishes of Maltese people" and that he would "only ask that they may give the matter full consideration next year when the new constitution comes into force." The Government bill provided for differential rates on 52 classes of manufactures, omitting textiles and some others. The differentials were, for the most part, 3½ per cent ad valorem on necessities dutiable at 10 per cent, and 5 per cent ad valorem on other articles dutiable at 15 or 20 per cent ad valorem.
British Empire. The protectorates and India were specifically included, and the high commissioner was empowered to include by order in council any territories for which Great Britain or any part of the Empire might receive a mandate under the League of Nations.

Table 46.—Preferential tariff rates of Cyprus.

<table>
<thead>
<tr>
<th>Goods</th>
<th>Full rate</th>
<th>Preferential rate</th>
<th>Differential in favor of British goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Musical instruments, and parts thereof</td>
<td>10 per cent</td>
<td>Two-thirds of the full rate</td>
<td>3% per cent ad valorem.</td>
</tr>
<tr>
<td>Clocks and parts thereof</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Watches and parts thereof</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Cinematograph films</td>
<td>8 per cent</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Beer, ale, porter, and all other malt liquors, per gallon</td>
<td>2 pence.</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Cotton yarns and thread, per 100 okes</td>
<td>11 to 18 shillings or 10 per cent.</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Cotton piece goods</td>
<td>33% to 263 shillings or 10 per cent.</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Matches, per gross of boxes</td>
<td>2 pence.</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Soap:</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Perfumed or toilet, per pound</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Other</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Woolen yarns and thread</td>
<td>10 per cent</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Woolen manufactures</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Earthenware and china</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Furniture</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Haberdashery and millinery</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Dyes</td>
<td>8 per cent</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Wine, sparkling, per gallon</td>
<td>4 shillings.</td>
<td>6% per cent of the full rate.</td>
<td>...</td>
</tr>
<tr>
<td>Wine, other kinds:</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Bottled</td>
<td>3 shillings.</td>
<td>60 per cent of the full rate.</td>
<td>$0.29.</td>
</tr>
<tr>
<td>In wood</td>
<td>1 shilling.</td>
<td>95 per cent of the full rate.</td>
<td>$0.146.</td>
</tr>
<tr>
<td>Spirits of all sorts, spirituous compounds, liqueurs and cordials.</td>
<td>6 shillings.</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>All goods not otherwise specified.</td>
<td>...</td>
<td>Five-sixths of the full rate.</td>
<td>...</td>
</tr>
</tbody>
</table>

1: 100 okes = 280 pounds.
2: Guns and pistols having a value of £4 or less have specific rates which come to 25 per cent or more. Certain other articles included in the general classes below also have specific rates.

**PREFERENTIAL WAR RESTRICTIONS: DYES.**

During the war the trade of the British colonies was severely restricted. The export trade was strictly controlled to prevent materials capable of military use from going to hostile countries. Imports were reduced, because the European supply of many articles was limited and systems of rationing were enforced, and because it was considered advisable to reduce the importation of luxuries.13
Trade was restricted also by the shortage of shipping and the necessity of allocating it to the most useful purposes. In these trade restrictions naturally Great Britain and her Allies were favored, and neutrals, especially those contiguous to enemy countries, were discriminated against. These discriminations by no means ceased with the armistice of November 11, 1918, nor even with the signing of the treaty of peace with Germany (June 28, 1919). In fact one important discrimination was not initiated until three months after the armistice, the prohibition upon the importation of dyestuffs not licensed. This measure originated in Great Britain and was recommended by the British Government to the colonial governments. Many of the colonies, including India which is one of the world’s great markets for dyes, adopted this system of controlling the imports of dyestuffs, though in some cases the action followed that of the British Government by almost a year. Except where the prohibition was worded so as to be applicable only to non-British dyes, in every case the adoption of the policy was accompanied by an official or semiofficial announcement that licenses would be granted as a matter of course to products of the Empire but to foreign dyes only when they could not be supplied within the Empire. When it appeared, however, that the supply of British dyestuffs was quite inadequate to meet the demand, in the summer of 1920 the prohibition was temporarily suspended in India and some of the other colonies. In the Gold Coast the measure was repealed except as to dyestuffs originating in the countries recently at war with Great Britain.

This prohibition of imports, except as licensed may easily work out as a restriction even more severe than the imposition of a duty which appears to be prohibitive, since in an emergency even a rate ordinarily prohibitive may be paid and unless the duty be excessively high conditions may so change that the rate ceases to be prohibitive. (See pp. 337 and 343.)

PREFERENTIAL TARIFFS IN THE WEST INDIES.

Since the West Indies have established their tariff preferences almost exclusively in response to Canada’s action and primarily to the products of that Dominion, the general account of the relations between Canada and the West Indies will be given in the chapter on the preferential policy in Canada (pp. 696–714), and this section will include only a summary of the preferences accorded by the West Indies in 1913, and since that year.

With negligible exceptions the first preferential tariff rates granted by the British West Indies in recent times were those stipulated in the Canada–West Indies trade agreement of 1912. These preferences became effective on June 2, 1913, in ten of the British West Indian colonies (see Table 47). Products of Great Britain and Newfoundland shared in the preferential treatment. The preference

14 No effort has been made to make a complete list of the colonies which license or did license the importation of dyestuffs or of the dates upon which the ordinances became effective. India was among the early colonies to impose the restriction in September, 1919. Other colonies which took similar action were Jamaica, the Straits Settlements, Nigeria, the Gold Coast, and Gambia. In Hongkong the licensing system was applicable only to imports for consumption, and has been repealed. (Commerce Reports, Aug. 11, 1921.)

15 See p. 321. For general description of the tariffs of the West Indies see pp. 318–321.
consisted in granting a reduction of not less than one-fifth of the regular duty upon a list of 47\textsuperscript{10} articles or classes of articles selected as being of importance in the trade between Canada and the West Indies.

The legislation of the different West Indian colonies putting into effect in 1913 the terms of the agreement did not go beyond those terms to any appreciable extent, though upon articles dutiable at specific rates the preference was frequently made slightly greater than one-fifth in order to avoid awkward fractions or amounts. Barbados alone made some articles dutiable (at 2 per cent) under the general tariff and free under the preferential tariff.\textsuperscript{17} In subsequent tariff laws various colonies made minor extensions of the preferential system beyond the provisions of the agreement, either in granting preferential reductions greater than one-fifth or in admitting to the benefit of the preference other parts of the Empire. Trinidad in 1917 granted free admission under the preferential schedule to a few articles which remained dutiable under the general schedule.\textsuperscript{18} British Guiana, in her tariff revision of 1918, established preferential duties on articles not mentioned in the Canada-West Indies agreement,\textsuperscript{19} and in which Canada had no export trade, namely, fuel oil and crude petroleum, the preferences amounting to half the rates levied on foreign goods. Barbados in 1913 and Trinidad in 1917 extended the preferential tariff to the entire British Empire. In 1914, British Guiana, Grenada, and St. Vincent extended their preferential rates "to all British possessions which are parties to the Canada-West Indies convention or which may hereafter become parties thereto," thus granting to the other British West Indies, parties to the agreement, the concessions which they granted to Canada, Newfoundland, and the United Kingdom.

\textbf{AGREEMENT OF 1920.}

In 1920, as a result of a second Canada-West Indies trade agreement the scope of the preference granted by the West Indies was increased in three respects: (1) Preferential rates are now granted throughout the whole of the tariff schedules with a very few exceptions instead of being confined to a selected list of items; (2) all the West Indian colonies except Bermuda are now parties to the agreement, and (3) the amount of the differential has been increased in every case, though not uniformly. The more important colonies which accepted the preferential policy in 1912 have now agreed to increase the differential to one half of the ordinary duty, and the colonies which did not adopt the policy until 1920 have introduced differentials of

\textsuperscript{10} Including flour, on which the reduction was to be not less than 12 cents per 100 pounds. In several of the colonies flour was dutiable at less than 5 shillings per barrel (196 pounds), so that this provision required a larger preference than one-fifth. For the chief classes of articles on which the West Indies granted a preference see footnote on p. 709. The tariff of British Guiana, enacted in 1913, showed 60 preferential items or subitems as compared with 100 nonpreferential. Moreover, there was no preference on enumerated dutiable articles, notably textiles of all kinds. No preference was given on arms, ammunition, explosives and fireworks, bricks and lime, vinegar, candles, butter substitutes, animal fats other than lard, pickles, sugar, confectionery, jam and jellies, matches, iron and steel bars, sheets, bolts, etc., mineral oils, far and turpentine, salt, and silver.

\textsuperscript{11} Paper, glass bottles, various kinds of machinery, poultry, and fresh meat, fruits, or vegetables. As the prevailing ad valorem rates of the general tariff were only 10, 114, and 12 per cent, the preferential reductions were only from 2 to 21 per cent ad valorem, so that the preference to machinery, paper, etc. (though it was the whole of the duty), was smaller than some of the others. In the Leeward Islands the duties on flour were 6 shillings or 6 shillings 6 pence per barrel, but the preference of one-fifth was given instead of the minimum of 1 shilling per barrel.

\textsuperscript{17} Cattle, sheep, swine, and goats, dutiable respectively at 10 shillings, 2 shillings 6 pence, 1 shilling, and 1 shilling per head, and coconut oil dutiable at 6 pence per gallon. Goats and coconut oil were not listed in the agreement as entitled to preferential entry into the West Indies.

\textsuperscript{18} Also, in 1917, on cartridges, the preference being one-third of 60 per cent ad valorem.
one-third or one-fourth. Table 47 shows the main features of the extension of these West Indian preferences, showing the increase of the rate of preference according to the 1920 agreement and the further increase in certain cases by legislation. In 1920-21, more frequently than in 1912-13, the West Indian governments have granted preferences which exceed the terms of their agreement with Canada, extending the preference to the whole Empire or including preferences of greater amounts than those pledged, or putting the new preferential schedules into effect before the obligation matured. The representatives of the Bahamas had agreed to a preference of only 10 per cent, but the legislature of the islands not only increased this to 25 per cent, but made it effective from August 26, 1920. Though Canada did not put the agreement into effect until May 10, 1921, and though the agreement was not proclaimed as in force in Canada and throughout the West Indies until September 1, 1921, new tariffs designed to carry out its provisions became effective in British Honduras on October 12, 1920, in Trinidad and Grenada on November 5 and 23, and in British Guiana on December 13. These four colonies made the preference applicable to products of the whole Empire and all granted some preferences greater than those pledged in the agreement. Trinidad reduced her general rates upon foodstuffs and feedstuffs, but by putting them on the Empire free list maintained or increased the absolute amount of the differentials. Machinery on which the differential had been only one-half per cent was also put on the Empire free list, while the rate on the foreign article was raised to 5 per cent. Cotton piece goods which were not included in the agreement of 1912 and on which there had been no preference, are, for the most part, now dutiable at 10\(^{\text{a}}\) per cent under the general tariff and free under the preferential. Grenada exempted from duty, if produced within the Empire, machinery, blasting powder, and fuel and illuminating oils, and gave a preference of 50 per cent on lumber. St. Lucia granted a special preference upon wearing apparel and articles not enumerated in the tariff, levying 15 per cent upon foreign products while the products of the Empire are exempt. Table 48 sets forth some of the more important cases in which the preferences accorded by the West Indian Islands exceed the percentages of reduction stipulated in the agreement.

\(^{20}\) Trinidad's tariff of Nov. 5, 1920, was announced as a fulfillment of the terms of the trade agreement but through a misunderstanding the amount of the preference (the differential) was made 50 per cent of the preferential rate instead of 29 per cent of the general rate. This tariff, however, not only increased the preference from 20 per cent to 33\(\frac{1}{3}\) per cent, but removed the duty entirely from various products of the Empire. The tariff of April, 1921, made effective the 50 per cent preference as pledged in the agreement.

\(^{21}\) Owing to the slowness of communication with the smaller islands and to the fact that the agreement did not become effective until Sept. 1, 1921, the blanks in Table 47 probably represent lack of information rather than a failure to extend the preference to the United Kingdom or to the whole Empire.

\(^{22}\) The rate was 15 per cent in the tariff of November, 1920. The present rates on goods whose value exceeds 1s. 9d. per pound are: General, 20 per cent; preferential, 10 per cent.
The greater preferences accorded in the West Indies in 1920-21 have been generally accompanied by the raising of the rates upon foreign articles. (See p. 318.) As the preference is in each case a percentage of the duty payable on foreign products, the difference between 20 per cent (the preference of 1912-13) and 25, 33\(\frac{1}{3}\), or 50 per cent (the present preferences) does not measure the full increase in the differential which burdens importers from nonpreferential sources. The typical preference in 1913 may be said to have been one-fifth of 10 or 15 per cent ad valorem, while now the typical British West Indian preference is one-third or one-half of 15 or 20 per cent ad valorem, and while British Honduras in 1921 somewhat decreased the British preference by assigning to the pound sterling a value of $4.86 instead of $4, a number of the other colonies have increased the preference, so far as American competition is concerned and to the extent to which they employ ad valorem duties, by providing that foreign currencies shall be converted at market rates of exchange.

### Table 47.—Increases in preferences accorded by the British West Indies.

<table>
<thead>
<tr>
<th>Colony</th>
<th>Per cent. 1912-13</th>
<th>Per cent. 1920-21</th>
<th>Preference extended to the whole Empire 1917, 1920</th>
<th>Preferences exceeding terms of agreements 1917, 1920</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trinidad</td>
<td>20</td>
<td>50</td>
<td>1917, 1920</td>
<td>1917, 1920</td>
</tr>
<tr>
<td>British Guiana</td>
<td>20</td>
<td>50</td>
<td>1913, 1921</td>
<td>1913</td>
</tr>
<tr>
<td>Barbados</td>
<td>20</td>
<td>50</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>Windward Islands:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. Vincent</td>
<td>20</td>
<td>33(\frac{1}{3})</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>Grenada</td>
<td>20</td>
<td>33(\frac{1}{3})</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>20</td>
<td>33(\frac{1}{3})</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>Leeward Islands:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antigua</td>
<td>20</td>
<td>33(\frac{1}{3})</td>
<td>1921</td>
<td></td>
</tr>
<tr>
<td>Dominica</td>
<td>20</td>
<td>33(\frac{1}{3})</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>St. Kitts</td>
<td>20</td>
<td>33(\frac{1}{3})</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>Montserrat</td>
<td>20</td>
<td>33(\frac{1}{3})</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>Virgin Islands:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>British Honduras</td>
<td>None</td>
<td>33(\frac{1}{3})</td>
<td>1921</td>
<td></td>
</tr>
<tr>
<td>Jamaica</td>
<td>None</td>
<td>33(\frac{1}{3})</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>Turks and Caicos Islands</td>
<td>None</td>
<td>25</td>
<td>1920</td>
<td>1920</td>
</tr>
<tr>
<td>Bahamas</td>
<td>None</td>
<td>10</td>
<td>1921</td>
<td>1920</td>
</tr>
<tr>
<td>Bermuda</td>
<td>None</td>
<td>25</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 The tariff act of Aug. 19, 1921, provides that the governor may, with the approval of the legislature and the sanction of the secretary of state, declare the preferential rates applicable to products of any part of the British Empire in which provision is made for according a preference to imports from St. Christopher-Nevis.

2 See text.

3 'Provided that the customs tariff of any such part of the Empire is on the whole as favorable to the colony as the said reduction of 25 per cent.'

4 The trade agreement was debated in the Bermuda Assembly on Nov. 24, 1920, and referred to a select committee of nine. The committee, with one dissenting voice, recommended the ratification of the agreement, but ratification was defeated by the assembly on Mar. 18, 1921, by 36 votes to 11.
TABLE 48.—Illustrations of preferential rates granted by the British West Indies in excess of the terms of the Canada-West Indies trade agreement of 1920.

<table>
<thead>
<tr>
<th>Colonies and articles.</th>
<th>Previous rates.</th>
<th>New rates.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trinidad:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cornmeal, per 100 pounds</td>
<td>1s. 6d.</td>
<td>1s. 2½d.</td>
</tr>
<tr>
<td>Canned or cured meats, per 100 pounds</td>
<td>4s. 2d.</td>
<td>3s. 4d.</td>
</tr>
<tr>
<td>Canned vegetables, per 100 pounds</td>
<td>8s. 6d.</td>
<td>6s. 8d.</td>
</tr>
<tr>
<td>Cheese, butter, and lard, per 100 pounds</td>
<td>2½ per cent.</td>
<td>2 per cent.</td>
</tr>
<tr>
<td>Machinery and parts (agricultural, sugar, mining, electric, railway, marine, printing, sewing), Cotton piece goods, not exceeding in cost 1s. 3d. per yard.</td>
<td>10 per cent.</td>
<td>Free.</td>
</tr>
<tr>
<td>Table glassware, not cut; bottles, lamp chimneys</td>
<td>10 per cent.</td>
<td>Free.</td>
</tr>
<tr>
<td>Jamaica:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotton piece goods</td>
<td>.16s. per cent.</td>
<td>.16d per cent.</td>
</tr>
<tr>
<td>British Guiana:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery (30 kinds).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grenada:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blasting powder, per pound</td>
<td>.6d.</td>
<td>.6d.</td>
</tr>
<tr>
<td>Fuel oil, per gallon</td>
<td>.3d.</td>
<td>.3d.</td>
</tr>
<tr>
<td>Lumber, sawn or hewn, per 1,000 feet</td>
<td>10s. 10d.</td>
<td>5s.</td>
</tr>
<tr>
<td>Machinery and parts (agricultural, sugar, mining, railway, printing; fire engines).</td>
<td>Free.</td>
<td>Free.</td>
</tr>
<tr>
<td>British Honduras:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jewelry</td>
<td>.15 per cent.</td>
<td>.25 per cent.</td>
</tr>
<tr>
<td>Clocks, watches, and parts</td>
<td>.do.</td>
<td>.do.</td>
</tr>
<tr>
<td>Tea</td>
<td>10 cents per pound</td>
<td>.do.</td>
</tr>
<tr>
<td>Cheese</td>
<td>.15 per cent.</td>
<td>.15 per cent.</td>
</tr>
<tr>
<td>Cornmeal; beans and peas</td>
<td>.do.</td>
<td>.do.</td>
</tr>
<tr>
<td>Macaroni, oatmeal, sago and other cereal foods</td>
<td>.do.</td>
<td>.do.</td>
</tr>
<tr>
<td>Cement</td>
<td>.do.</td>
<td>.do.</td>
</tr>
<tr>
<td>Blasting powder</td>
<td>.do.</td>
<td>10 per cent.</td>
</tr>
<tr>
<td>Machinery (8 kinds)</td>
<td>.do.</td>
<td>5 per cent.</td>
</tr>
<tr>
<td>Dried fish</td>
<td>.do.</td>
<td>.do.</td>
</tr>
<tr>
<td>Fuel oil, per gallon</td>
<td>1 cent.</td>
<td>Free.</td>
</tr>
</tbody>
</table>

Jamaica, on May 27, 1920, a few days before the signature of the Canada-West Indies trade agreement, granted an important preference upon cottons produced in the United Kingdom. The preferential reduction is 40 per cent of the general duty and this is increased to 50 per cent for goods produced from cotton grown within the Empire. Jamaica's general rate is 16½ per cent ad valorem and the preferential rates are therefore 10 per cent and 8½ per cent, respectively. The governor proposed a preference upon woolen goods, but this was rejected by the Assembly on the ground that Great Britain already had a practical monopoly of the market, and that, therefore, the preference would cause a serious loss of revenue without being of benefit to British trade. (See p. 371.)

This Jamaican preference to the United Kingdom—a preference greater than any that Jamaica grants to Canada—serves to emphasize the fact that the West Indian preferences of 1920–21 wear less of a Canadian and more of an imperial aspect than those of earlier years. This is seen in two ways. Four years after the agreement of 1912–13 became effective, only two West Indian colonies had extended their preferences to the Empire, whereas in 1920–21, before the day had arrived for the formal operation of the agreement, half a dozen colonies had granted preferences to Great Britain or to the whole Empire. The rapid extension of the West Indian preferences to Great Britain 22 undoubtedly has been influenced by the adoption,
in 1919, of the preferential policy in Great Britain, resulting in substantial preferences for West Indian sugar, cocoa, and rum. Secondly, the preferences granted in 1913 were restricted to articles in which Canadian manufacturers and traders were interested and the extension of these limited preferences to products of the whole Empire was of little practical importance. The preferential list of 1912-13 did not include all of the articles exported from Canada to the West Indies, and to that extent the adoption of the principle of a preference upon all dutiable articles increased the advantage conferred upon Canada; but the adoption of this principle is of greater significance in connection with the extension of the preferences to products of the whole Empire. For while formerly, if exporters in the United Kingdom were specially interested in exporting a given article to the West Indies, the chances were that it was an article of not sufficient importance to Canadian trade to be included in the preferential list, now exporters of practically every article which is dutiable in the West Indies receive the tariff advantage there. Every West Indian government, therefore, which extends to Great Britain the preferences of the 1920 trade agreement, confers a substantial advantage on British exporters, in proportion to the trade of the island concerned.

Summary and Conclusion.

In reviewing the history and the present status of the tariff policy pursued in the British Crown colonies and India, the most striking features are the maintenance of the open door for 60 years and the rapid introduction of differential duties beginning in 1919. Before the war, examples of such duties in the Crown colonies were found only in the Federated Malay States and in some of the West Indian colonies. In the Federated Malay States there was a prohibitive duty on the exportation of tin ore to be smelted elsewhere than in the Straits Settlements or the United Kingdom. But while this was obviously a preferential duty in favor of a sister colony, the Federated Malay States and the Straits Settlements by geographical contiguity, commercial routes, and governmental organization are so much more closely united than neighboring colonies of the same power usually are, that the duty might be regarded almost as a protective rather than as a differential duty. The preferential rates granted in 1913 in the West Indian colonies reflected Canadian rather than British policy, though the United Kingdom also benefited by the reductions. The preferences were granted on a limited list of articles in which Canada was particularly interested, and the reductions were small—one-fifth of the general tariff rates, few of which exceeded 15 per cent ad valorem; i.e., the differential on most articles was only 2 or 3 per cent ad valorem.

During the war, trade was controlled by prohibitions and licenses and only to a minor extent by tariff rates. These prohibitions frequently, if not usually, discriminated in favor of imperial trade and in some instances in favor of the trade of allied countries. With

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8 For other examples of minor importance see Rhodesia, Jamaica, and Fiji, pp. 735, 821, and 258. The preferences in the Crown colonies in South Africa, for reasons explained above, are not treated in this chapter.

9 All preferential duties may be said to be protective of the trade of the Empire in which they are found. The point here is that some might argue—though apparently this defense has not been made—that the Federated Malay States and the Straits Settlements should be considered one and the same part of the Empire.
the return of peace, these methods of control are being gradually abandoned and tariffs are resuming their importance in the determination of trade channels. The trade in vegetable oils and oil seeds, for instance, was rigidly controlled during the war; after the cessation of hostilities the exportation of these products from British colonies to destinations other than Great Britain, France, and Italy or their colonies was prohibited; and it was not until October, 1919, that the differential duty on palm kernels exported from West African colonies was put into effect. Preliminary steps taken in 1916 for the introduction of this last named duty, as well as certain decisions of the imperial war cabinet and imperial war conference, showed clearly that the Government then in power in Great Britain held views on the tariff different from those of the Liberal Party which had been in power from 1906 until after the beginning of the war, but it was not until the introduction of the budget for 1919–20 that the British Government reciprocated in some measure in the preferential practice. While the extreme partisans of imperial preference demand the imposition of a wide range of duties in the United Kingdom in order that an equally wide range of differentials may be instituted in favor of the trade of the colonies, the British Government up to the present time has confined its preferences to those articles upon which there were already duties in force. As thus limited, the "imperial principle," as the governor of Jamaica termed it, "is that you should not be obliged to impose any duties except those which suit the local interest of the colony, but that where duties are imposed, preferences should be given to goods of imperial origin." 25 This policy or "principle," which in the Mother Country confines preferential rates to only 10.7 per cent of the total imports, 26 as only this proportion is dutiable, when applied in the Crown colonies, results in preferential rates upon 70 to 90 per cent of their imports. Moreover, in the colonies the preferential policy has been extended to export duties and new duties have been imposed in order to create the basis for a preference. 27

The differential duties which have been introduced since the summer of 1919 are as follows: There has been imposed upon the exportation of tin ore from Nigeria a duty of 3 per cent ad valorem; and upon the exportation of palm kernels from the four British West African colonies a duty of £2 per ton, a rate considered prohibitive at the time of its imposition. In the British West Indies all previously existing preferential tariffs have been extended from a limited list of articles to all dutiable articles 28 and the amount of the differential has been increased. The chief colonies which formerly granted tariff favors to imperial trade have raised the differential to "not less than 50 per cent," while those colonies which formerly held aloof from the preferential tariff movement have granted differentials of one-third or one-fourth. Jamaica—one of

25 Address of the governor of Jamaica to the legislative council, quoted from the Kingston Gleaner, Mar. 17, 1920.
26 10.7 is the percentage of dutiable imports in Great Britain as shown by the statistics for 1918, excluding specie, bullion, and diamonds.
27 In some instances the duty and the differential are coincident, but it is difficult to state which of the two has been the primary object. In the case of the export duty upon untanned hides and skins from India the protective feature of the duty was the primary object in the eyes of the Indians, but it is none the less possible that the duty might truthfully be said to have been imposed in order to create the basis for a preference. The imposition of duties with the specific object of granting a preference thereon played an important part in the negotiations between Canada and the West Indies.
28 With few exceptions.
the colonies which did not enter the reciprocity arrangement with Canada in 1912 and which in 1920 granted a differential of only one-fourth—had earlier in 1920 granted a differential of 40 per cent on cotton goods, or of 50 per cent in case the goods were woven from cotton grown within the British Empire. The base rates upon which these West Indian differentials are reckoned would not be considered high in countries which pursue a protective policy, but they have been going up, the differential in most cases now comes to from 4 to 10 per cent of the value of the goods. Cyprus has established differentials upon all dutiable goods, giving reductions chiefly of one-third or one-sixth. These reductions come to $1\frac{1}{3}, 2\frac{2}{3},$ or $3\frac{1}{3}$ per cent on most classes of manufactures. The differentials in all these tariffs, therefore, are relatively small and are still comparable rather with the South African preferential rate than with the Canadian. The Fijian tariff of 1922 has greater differentials; see page 371.

At this time, therefore, general systems of preferential import duties are found in Fiji, in Cyprus and in all the British West Indies; no general systems of differential export duties are found, but in nine colonies such duties are imposed upon one or two products. But while the export duties are so few in number, and while the duty on palm kernels is directed primarily against German trade and is professedly only a temporary measure, it must be noted that the rate on palm kernels was intended to be and that on Malayan tin is prohibitive. Compared to the differentials in the import duties (which are indeed large enough to give a perceptible advantage to British trade where competition is close), these export duties are drastic and indicate rather an intention of monopolizing the raw products than of giving a slight though perceptible advantage to British trade.

As no colony enforces differentials both in its import duties and in its export duties, there are altogether 26 British colonies (out of the 57 which are considered in this chapter) in which the principle of a differential duty has been accepted by the local government. Since there are at least five colonies in which all tariff differentials are prohibited by treaty and since the imposition of such duties in the free ports would be a complete negation of the policy which has maintained them as free ports, the preferential tariff policy has been inaugurated in a majority of the colonies in which it is feasible to introduce it. This method of statement, however, greatly exaggerates the importance which has already been attained by the movement in favor of imperial preferences, since the 26 includes many small colonies, notably the eight Windward and Leeward Islands, and since the export duties fall on only a small part of the export trade of the colonies in which they are levied. The 17 colonies which enforce differential import duties have, in fact, only about 4 per cent of the total import trade of the Crown colonies and India. Differential export duties are found in 9 colonies, including India and others of importance. But important as these colonies are, since the differential export duties are confined to hides and skins, tin ore,
and palm kernels, the differentials are leviable upon only some 7 per cent of the total export trade of the Crown colonies and India. At present, therefore, the principle of preferential tariffs has been applied to only 5 or 6 per cent of the total trade of these colonies. None the less, the movement in favor of preferential tariffs is significant by reason of (1) its comparatively rapid growth, (2) the special interests of the United States, and (3) because of the new features involved in the differential export duties.

(1) Within the last three years the number of these colonies enforcing differential import duties has increased by 8, and of those enforcing differential export duties by 5; or a total, since there are no duplicates, of 13 colonies which have accepted the principle of preferential tariffs. Further, all the colonies which previously made use of differential import duties have increased the range and extent of these duties, and other colonies are considering the adoption of a preferential tariff policy.

(2) While the trade which has been already affected by the preferential duties of the Crown colonies and India is only a small fraction of the total, it includes the import trade of the West Indies, which for geographical reasons offer a natural market for American products, and it includes the trade in Indian hides and skins upon which American industries are dependent for supplies.

(3) While the differential duties at present are so few, in so vast an Empire and one which controls the major part of the world’s supplies of so many articles the reintroduction, on however limited a scale, of the old mercantilist principle of the reservation of colonial products to the Mother Country must cause serious concern to the rest of the world.

Bibliography.

(See p. 834 for bibliography of treaty collections, and p. 835 for general works and periodicals.)


34 Cyprus, Bermuda, the Bahamas, British Honduras, Jamaica, Turks and Caicos, and the Virgin Islands. If the Windward and Leeward Islands be grouped as two colonies, and Turks and Caicos be disregarded as a dependency of Jamaica, the number of colonies enforcing differential import duties before the war was 3 and is now 15, while those enforcing differential export duties have increased from 4 to 9.

35 In Ceylon a committee was appointed in February, 1920, to make plans for “giving effective preference to articles produced within the British Empire” (Commerce Reports, Feb. 28, 1920), and a similar committee was appointed in April, 1920:

“(1) To inquire into the present tariff of import duties as existing both in the colony [Strait Settlements] and the Federated Malay States, and to advise Government as to the desirability of adopting some scheme of preferential rates of duty on goods consigned from and grown, produced, or manufactured in the British Empire.

“(2) To inquire into and report to Government as to the desirability of adopting some scheme of protective import duties for the purpose of encouraging the establishment of local industries in either the colony or the Federated Malay States.”

In the membership of these committees the consumer and the native merchant do not appear; both committees are composed of officials and British merchants. In the case of the ports of the Straits Settlements it seems likely that special care will be taken that only imports for consumption are burdened with duties. The conclusions of the committee for British India, which had the question under consideration, have been given at length elsewhere. It appears probable that the growing influence of the Indians in the government of that country will result in the introduction of protective duties, but it is highly probable that the British opponents of such protection will secure a compromise by which the full amount of the duties will not be levied upon British products. On the other hand, the preferential duties drafted by the governor of Malta were rejected by the assembly and unfavorable replies were received from Hongkong and Sierra Leone to the proposal of the colonial office suggesting the adoption of preferential tariff systems.

The Government of Ceylon proposed (Ceylon Government Gazette Extraordinary, Sept. 1, 1921) a preferential tariff for all dutiable imports except foodstuffs, liquors, and tobacco. The chief differentials were: Arms and explosives, boots, furniture, jewelry, silks, woolens and mixed goods, cutlery, motor cars, and electrical goods, 10 per cent; other metal wares, 5 per cent or 7½ per cent; cotton textiles, 5½ per cent; unenumerated articles, 5 per cent. These rates became effective Sept. 2, subject to ratification by the legislative council; the new tariff was abandoned, however, and the former rates restored from Sept. 15. (Commerce Reports, Sept. 19, 1921.)
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ADDENDA.

Kenya, Uganda, Nyasaland, and Zanzibar.—In Nyasaland from October 1, 1921, and in the other three East African colonies from August 10, 1921, the general rates were increased as follows: In Zanzibar, from 7½ to 10 per cent; in Nyasaland, from 10 to 15 per cent; and in Kenya and Uganda, from 10 to 20 per cent ad valorem. In Kenya, building materials (except timber), cement, chemicals, galvanized iron, scientific instruments, kerosene, paint, and soap remain dutiable at 10 per cent; rice, wheat, wheat flour, and sugar become subject to a rate of 15 per cent; and wines, tobaccos, playing cards, jewelry, perfumery, silks, pianos, and gramophones at 30 per cent. The export duty on ivory is raised from 15 to 30 per cent ad valorem. (B. T. J., Aug. 11 and Sept. 22, 1921.)

These rates of import duty in excess of 10 per cent are plainly contrary to the general act of the conference at Berlin, which is still in force. (See p. 491.)

Egypt.—The duty on wood (except firewood) has been raised to 10 per cent, and that on benzine and mineral lubricating oils to 15 per cent ad valorem (decree of Mar. 31, 1921). A consumption duty of 2 per cent ad valorem has been imposed upon about 50 articles, including certain acids, vegetable oils, beer, preserved meats, condensed milk, dried fruits, spices, tea, coffee, cocoa, tinned paper, window glass, and iron and steel bars, angles, plates, etc. These duties are leviable upon domestic products as well as upon imports. (Decree of Aug. 1, 1921; Commerce Reports, Oct. 17, 1921.)

India.—An act assented to on September 29, 1921, imposes an export duty on lac at the rate of 4 annas per maund (875 pounds), and at one-half of that rate for refuse lac. The proceeds are to be turned over to the Lac Association for the scientific promotion of the industry.

Jamaica.—On December 7, 1921, the Government introduced a bill to raise the general rate of Jamaica's tariff to 20 per cent ad valorem. This bill provides for a preference of one-fourth upon British and Canadian goods, but the bill continues the rate of 10 per cent upon British cotton piece goods, thus increasing the preference to one-half.

Preferential tariff in Fiji.—On January 1, 1922, a new tariff became effective in the Fiji Islands, containing higher rates and larger differentials than those of any other British Crown Colony. The differentials are granted to products of any part of the British Empire. The free list includes books, periodicals and music, seeds and plants, manures, gas cylinders, and a few other items. On kerosene, gasoline, and sugar there are no differentials. Specific duties are levied on 91 items (chiefly foodstuffs and beverages, but also tobacco, matches, plain soaps, paints, iron, bags, and dynamite) and on these the differential is one-half, with the exception of coke, upon which the whole of the duty of 2s. 6d. per ton is remitted. On the other 120 items the differential is 2½ per cent ad valorem. On most of these items the foreign and the British rates are, respectively, 27½ and 15 per cent, so that the differential is somewhat less than one-half of the larger duty; but upon machinery, railway equipment, and lighters the rates are 12½ and 10 per cent, respectively, except for certain agricultural machines and implements which are dutiable at 25 and 7½ per cent. Coal, films, fresh fruit and vegetables, church furniture, unframed pictures, and a few other articles may be imported free if products of the British Empire, but are otherwise dutiable at 12½ per cent ad valorem.
CHAPTER VI.

COLONIAL TARIFF POLICY OF ITALY.

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I. INTRODUCTION.

THE ITALIAN COLONIES.

The Italian colonial empire is of comparatively recent origin and of comparatively limited extent. Acquired in its entirety since the formation of the Kingdom of Italy, it has a total area of 591,200 square miles, of which more than two-thirds was acquired less than 10 years ago,¹ and a total population of about 1,700,000. The colonies are three in number: Eritrea, on the Red Sea; Somaliland, on the Indian Ocean; and Libya (formerly known as Tripolitania), on the Mediterranean—all in Africa.²

The colony of Eritrea originated with the purchase of the port of Assab by an Italian steamship company in 1869, the year of the opening of the Suez Canal. The region was not occupied, however, until 1880. Two years later, in 1882, it was turned over to the Government.³ After many treaties with local chiefs,⁴ and with Abyssinia, Great Britain, and France, the colony attained by 1900 approximately its present boundaries.⁵ Two of the most important events of the history of its development were the occupation of Massowa in 1885 and the issuing of the royal proclamation of January 1, 1890, which designated the Italian possessions on the Red Sea the colony of Eritrea.⁶

Italian Somaliland includes the colony proper—Somalia Italiana Meridionale (Southern Italian Somaliland)—and to the north the Sultanates of Obbia and of the Mijertines (Protectorates), and the territory of Nogal.⁷ The colony proper is often called Benadir, but strictly speaking this name should be confined to the four ports,⁸ which, when the rest of the country was taken under Italian sovereignty in 1889, were recognized as the property of the Sultan of Zanzibar.⁹ These ports were leased by Italy in 1893 and purchased in 1905.¹⁰ Agreements of 1891 and 1894 with Great Britain fixed the boundaries of the spheres of interest of the two countries to the south and north, respectively.¹¹ In 1908 the inland boundary toward Abyssinia was determined and the country was opened to

¹ After 1911, by conquest from Turkey. The figures for area and population do not include the territory ceded by France to round out the boundaries of Libya, and the proposed cession of Jubaland, south of Somalia.
² Italy "temporarily" occupied the Dodecanese Islands, off the coast of Asia Minor, in 1912. See Appendi-
dix to this chapter.
⁶ Ibid., Vol. II, p. 5.
⁷ Law of Apr. 5, 1895, Art. I.
⁹ Tittoni, Tomasso: Italy's Foreign and Coloniel Policy, 1914, p. 231. Gov. Giacomo de Martino: La Somalia Italiana nei Tre Anni del mio Governo, 1912, p. 92. The four ports were Brava, Merca, Mogadisho, and Wareheik.
trade. Up to 1910 only about one-sixth of the territory of Somalia had been occupied—a strip along the coast and inland as far as the Webi-Shebeli, and another strip running up the Juba River to Lugh. Since 1910 most of the country has been occupied.

Libia (better known by the name Tripolitania, which the Italians reserve for one of its two provinces) was declared by Italy, after the outbreak of the Italian-Turkish War to be under Italian sovereignty and was ceded to Italy by the treaty of Ouchy, which closed the war. Subsequently local resistance to the Italians continued, in the form of guerrilla warfare, particularly in Cirenaica, where it has never entirely ceased.

Area and population.—The following table gives the area and population of the Italian colonies in Africa:

<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Approximate coast line (miles)</th>
<th>Estimated population.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>Eritrea</td>
<td>45,500</td>
<td>670</td>
<td>300,000</td>
</tr>
<tr>
<td>Somaliland</td>
<td>73,500</td>
<td>450</td>
<td>300,000</td>
</tr>
<tr>
<td>North Somaliland</td>
<td>65,000</td>
<td>750</td>
<td>130,000</td>
</tr>
<tr>
<td>Libya (Tripolitania and Cirenaica)</td>
<td>408,000</td>
<td>1,150</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>501,200</td>
<td>1,750,000</td>
<td></td>
</tr>
</tbody>
</table>

1. These figures are from the Annuario Statistico Italiano, 1916, p. 426. The population figures for Libya are there entered at 500,000 to 1,000,000. By the Turkish census of 1911 the population of Libya was returned at 523,000.

2. The Italian form, Somalia, is here used for the colony of Southern Somaliland—Somalia Italiana Meridionale—as distinguished from the Protectorates of North Somaliland.

Commercial importance.—The population of the Italian colonies is to a large extent pastoral and nomadic. Hides and skins are the principal exports of the colonies collectively, but other animal products are of importance. Eritrea and Somalia export chiefly cattle hides with less quantities of goat and gazelle skins; but in Libya, sheep and goat skins have recently been of greater value than cattle hides, and camel hides are also of more importance than in the other colonies. Wool is the chief export of Libya. Butter is exported from all three colonies, and since the beginning of the war Eritrea has exported canned meats.

Agriculture yields little surplus in any of the colonies, and few vegetable products are exported. Libya produces cereals and fruits—dates, figs, olives, lemons, oranges, etc.—but the foreign trade is limited to dates. Tripolitania exports henna and alfalfa (esparto grass).

13 Simultaneously, but by a separate convention, Italy gave Abyssinia 3,000,000 lire. British and Foreign State Papers; vol. 101, pp. 1060, 1003; vol. 102, p. 418. Vol. I of the Som. Man., pp. 27-66, gives the international acts relating to boundaries, including the declaration by Italy of the taking possession of this territory, and the treaties of protectorates. Pages 69-147 give other international acts of interest; for instance, those of the conferences of Brussels, and the part of the final act of Berlin relating to the acquisitions of new territory, but omitting the free trade provisions. Or, see Piazza, Giuseppe. Il Benadir. Rome, 1913. Chapter I, The Frontiers.


15 Decrees of Nov. 5, 1911.

16 Signed Oct. 18, 1912.

17 Ministero delle Colonie, Relazione al Parlamento sulla Situazione politica, economica, ed amministrativa delle Colonie Italiane, 1918, p. 36.
Diligent efforts have been made to obtain cotton from the colonies and small quantities are now produced in Somalia and Eritrea. Eritrea also exports considerable quantities of the seeds of the palma dum, and has at times exported wheat and linseed. Sponge fishing gave Tripolitania its greatest export before the war, and pearl and shell fishing, the chief industry of Eritrea before the Italian occupation, is still important. Manufacturing scarcely exists in the Italian colonies. The Somalis make a native cotton cloth, and the Provinces of Libya produce various textiles including carpets of wool, cotton, and silk, but the exportation is small. Salt production is the only industry of Eritrea. Mining is almost unknown in these colonies. There have been some unsuccessful ventures in Eritrea but the export figures show no mineral production except potash, which began in 1915.

The Italian colonies are small in population and little developed. The excess of their imports over their exports implies a substantial outlay in recent years for their development and defense. Table 2 exhibits this excess of imports and also shows how comparatively unimportant these colonies are commercially in their present state of development. The total of 76,296,000 lire for 1913 was equal to $15,725,000 (at the prewar value of the lire). In the same year, it may be said by way of comparison, the trade of Hawaii was $78,635,000.

<table>
<thead>
<tr>
<th>Colony</th>
<th>1913</th>
<th>1915</th>
<th>1916</th>
<th>1917</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Imports</td>
<td>Exports</td>
<td>Imports</td>
<td>Exports</td>
</tr>
<tr>
<td>Tripolitania</td>
<td>26,290</td>
<td>3,684</td>
<td>27,068</td>
<td>3,697</td>
</tr>
<tr>
<td>Crete</td>
<td>6,649</td>
<td>1,173</td>
<td>23,600</td>
<td>1,615</td>
</tr>
<tr>
<td>Eritrea</td>
<td>16,917</td>
<td>11,112</td>
<td>22,455</td>
<td>13,386</td>
</tr>
<tr>
<td>Somalia</td>
<td>6,901</td>
<td>1,501</td>
<td>5,835</td>
<td>1,805</td>
</tr>
<tr>
<td>Total</td>
<td>58,526</td>
<td>17,770</td>
<td>78,408</td>
<td>20,563</td>
</tr>
</tbody>
</table>

1. Ministero delle Colonie, Ufficio Economico, Bollettino di Informazioni, Vol. V, No. 1, Quadri Riassumivi del Movimento Commerciale delle Colonie Italiane durante gli anni 1912-1917. Rome, 1918. ("Anno V" is apparently an error; the series begins with 1913, and Anno V had already appeared on the volume for 1917. This is cited hereafter as Vol. VI.)
2. For inclusion in the total, the figures for 1917 not being available, the figures for 1916 are repeated.
3. Fiscal year July 1, 1913-June 30, 1914.

II. GOVERNMENT OF THE COLONIES AND MAKING OF TARIFFS.

THE CENTRAL GOVERNMENT.

In the Italian system, although the constitution gives Parliament a legal omnipotence but little short of that which prevails in Great Britain, the executive exercises the dominant authority in the government of the colonies; the legislature does little more than vote the credits asked by the ministers, confirm the acts or administrative arrangements already made by the executive, and define the powers to be thereafter exercised by the executive. And it must be

18 A raw material for button manufacture.
19 Exports in 1916, 1,629,000 lire.
20 Imports $38,163,000, exports $43,472,000.
remembered that in a parliamentary government while in theory the action of the executive in all matters of importance must accord with the will of the legislature, in practice the action of the legislature in reference to foreign and colonial affairs is apt to be only another form of expression for the will of the executive.

The constitutional lawyers of Italy do not agree as to the exact limits within which royal decrees may be issued according to the Statuto, nor as to the exact power of the Crown in annexing territory. There, as in the United States, the question has been raised whether the constitution follows the flag, and the legal basis for the action of the executive, particularly as to the earlier phases of the colonial expansion, has been much disputed. The royal decrees are, of course, really the work of the ministers. Those governing the colonies were issued upon the responsibility of the minister of foreign affairs until a minister for the colonies was named, in 1912. This recognition of the increasing importance of the colonies was due directly to the acquisition of Libya.

The minister of the colonies is assisted by a colonial council which must be consulted on important matters but which is purely advisory. This council consists of eleven members, of whom five hold their positions ex officio while six are appointed. For advice in regard to Libya the minister has had since 1914 an administrative committee composed of six officials, and since 1917 a consultative committee, composed of five natives from Tripolitania and five from Cirenaica—selected by and from the provincial native advisory committees—and the directors general of the ministry of the colonies, together with not more than six others of special competence in colonial and Islamic affairs who are named by royal decree.

THE COLONIAL GOVERNORS AND THEIR POWERS.

The local governments in the Italian colonies were established under laws and decrees which were distinct forEritrea, Somalia, and Libya. These governments have been alike in general character; the greatest difference now is that provision was made in 1919 for the introduction of representative bodies in Tripolitania and Cirenaica. The authority entrusted to the governors is considerable. The governors are appointed by royal decree on the nomination of the

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24 Royal Decree of Jan. 1, 1900. Law of May 24, 1903, arts. 7 and 12.
26 Senate, Atti Interni, Legislature 23, 1st sess., vol. 10, Nos. 883 and 888. Vol. 3 of La Libia negli atti del Parlamento contains all the reports and debates on this law, pp. 1365-1451.
28 By decree of May 22, 1913, the provision that the colonial council must be consulted was suspended for the duration of the war. Ministero delle Colonie, Relazione sulla Situazione, 1914, p. 36.
30 The Italian designation “Somalia” is used throughout this report for the colony of Somalia Italiana Meridionale. This is a convenient method of avoiding the repetition of the other terms which would be necessary to distinguish the colony from the protectorates of Northern Italian Somaliland and from the British and French Somalilands. The spelling adopted for Eritrea, Libia, and Cirenaica also follows Italian usage.
colonial minister after consultation with his colleagues.\textsuperscript{31} They are assisted in each case by an administrative council of four to six members, the majority of whom are officials.\textsuperscript{32} These councils are purely advisory, but the laws provide for their meeting and describe more or less specifically what matters shall be laid before them. By decree of May 22, 1915, the requirement that the administrative councils of Eritrea and Somalia be consulted was suspended for the duration of the war. Recently there has been created for each of the Libian governors a native advisory committee.\textsuperscript{33} Each committee consists of 15 chiefs or notables appointed by the minister of the colonies on the nomination of the governor. They give advice on a wide range of subjects affecting the native population, and may initiate the study of such questions.

The wide powers exercised by the governors are legislative as well as executive. In Eritrea and Somalia the laws invest the governor with all the power which the ministers of the King are able to delegate.\textsuperscript{34} The Libian governors are supreme rulers over both civil and military affairs, but in practically all matters "the governor is under the direct and exclusive control of the minister of the colonies, and, in accordance with instructions received from him, directs the policy and administration of the colony, with the right to issue regulations of a local character, and to establish penalties for their infringement." \textsuperscript{35} This subordination to the colonial ministers is the most important limitation on the power of the governor, though, as will be seen below, in certain matters the powers of the governor, in Eritrea particularly, are closely defined by law. It is difficult to determine the extent of the freedom of action of the governor. A strong governor under favorable circumstances can doubtless obtain the decrees required for his policy. Governor de Martino, for instance, mentions that the striking tariff changes of 1911 which involved considerable sacrifice of revenue were worked out by his government which then obtained their embodiment in a royal decree.

By a decree of June 1, 1919, important changes were made in the government of Tripolitania. The natives were recognized as citizens with the right of voting and of holding office.\textsuperscript{36} The province is to have an elected parliament, with one representative for each 20,000 inhabitants, to which certain officials are added \textit{ex officio}, and others may be added \textit{ad hoc}; but these official members may never exceed in number one-sixth of the number elected. Similar changes were introduced into the government of Cirenaica, by a later decree. There the parliament is to have one representative for each 4,000 of the population. The chief difference between the new governmental organizations provided for Tripolitania and Cirenaica, respectively, is that in the latter territorial divisions are of less importance and tribal and commercial units are of greater importance.\textsuperscript{37} It remains to be seen how much influence these parliaments will exercise.

\textsuperscript{31} In the case of the Libian provinces, after consultation with the other ministers the colonial governors are nominated by the minister of the colonies in concert with the minister of war. Probably this is intended as a temporary provision, due to the continuance of military operations in Libia.

\textsuperscript{32} These councils are made up as follows: In the Libian provinces three officials and two civilians, the latter nominated by the minister of the colonies; in Eritrea and Somalia, the heads of departments, to whom the governors may add others \textit{ad hoc}.

\textsuperscript{33} Decrease of Mar. 11, 1917. Ministero delle Colonie, Relazione sulla Situazione, 1918, p. 163.

\textsuperscript{34} Eritrea, art. 8 of the law of Apr. 5, 1908; Eritrea, administrative ordinance of Sept. 22, 1905.

\textsuperscript{35} Ibid., and For. State Papers, 1917, p. 955.

\textsuperscript{36} By an Italian law of June 13, 1912, the natives of Libia might be recognized as Italian citizens so far as they met certain conditions, including abandonment of their tribal organizations.

\textsuperscript{37} See L'Africa Francaise, 1919, pp. 234, 311; 1920, p. 43; 1921, p. 131, and sup., p. 45.
The laws for the government of Eritrea and Somalia contain specific provisions in respect to tariff making; those for the Libian provinces do not, and, in fact, after the first decrees by the military commander, the Libian tariff regulations have been promulgated almost exclusively by royal or ministerial decrees. The outbreak of the war, however, was followed immediately by the delegation to the governors of the power to prohibit the exportation of goods of any sort from these provinces. Later the governors were authorized to permit the importation of arms, upon conditions, and to suspend or regulate (with the approval of the minister of the colonies) the exportation of quadrupeds.

For Somalia, the law of 1908 provided that taxes and customs should be fixed by royal decree, but by another article of the same law the delegation of this power to the governor was authorized, while a further article invested the governor with all the power which the ministers have authority to delegate. The governor was empowered to vary the export duties according to the necessities of commerce, but he was required to report to Rome immediately whenever he acted under these authorizations. In the following year the restriction was imposed that before modifying the export duties he must obtain the sanction of the Government of the King. In 1910 the governor was authorized to fix duties on imports from British East Africa entering via the Juba River for consumption in the colony. It does not appear that the governor ever exercised either of these powers, and both the export duties and the import duties which are in force to-day were fixed by royal decree.

In Eritrea, according to the law of 1903, the tariff is to be fixed by royal decrees issued on the proposal of the governor after consultation with the colonial council. However, three rather important powers are delegated to the governor: To increase to a maximum of 50 per cent ad valorem duties which protect local agriculture; to reduce to as low as 8 per cent ad valorem the duty on any goods on which the rates are higher; and, when special circumstances require, to grant exemptions. The governor may also prohibit the importation or exportation of goods, and regulate their transshipment, or order their destruction when the public safety or the interests of agriculture and pasturage demand it, but this power is to be exercised only by a decree explaining the necessity, and such decrees are to be referred immediately to Rome. Finally, the Governor may impose on products of the Sudan a duty of not more than 5 per cent.

38 Royal decree of Aug. 2, 1914. This power was forthwith exercised by the governor of Tripolitania in the decree of Aug. 14, forbidding the exportation from Tripolitania of those articles whose export from Italy had been forbidden, and adding to this list. Ministero delle Finanze; Direzione Generale delle Ga- belle. Bollettino di legislazione e statistica doganale e commerciale, 1914, pp. 533, 986. Cited hereafter as Bol. di legg.


42 Decree of Aug. 12, 1911. The Manuale di legislazione di Somalia gives only two gubernatorial decrees issued between the time of the passage of the law of 1908 and the end of 1912 affecting tariff rates; that of June 20, 1909 (Som. Man; Vol. III, p. 115), reducing the basis of valuation for certain goods imported; and that of Mar. 6, 1911, specifying the conditions under which plants and seeds might be imported. (Som. Man; Vol. III, p. 331.) But the chronological Index refers to six others, in addition to the decrees fixing customs valuations, which are not given. One of the six concerned the importation of Italian tobacco, one related to export duties, and the other four granted exemptions from customs duty, in one case to a certain man by name.

43 Erit. Man; Vol. VI, p. 835. This enumeration is from the collection of acts of public authority, preceding the law of 1908 and still in force on Dec. 30, 1899. Some of these powers date from the royal decree of Dec. 19, 1899, and others from those of Feb. 2 and Oct. 18, 1899.
power to reduce duties has been exercised in regard to the duties on cottons, silks, woolens, and sugar, and for all imports at the port of Assab; and the governor has granted exemption from import duty to Maria Theresa thalers, and Yemen coffee, and exemption from export duty to linseed and neukseed. The other powers mentioned seem not to have been exercised.

III. ITALIAN COLONIAL TARIFF POLICY AND SYSTEM.

TREATY LIMITATIONS.

FREE TRADE IN THE CONGO BASIN.

The free-trade zone which was established by the conference of Berlin in 1884–85, and which is usually known as the Conventional Basin of the Congo, included considerable territory not within the watershed of that river and notably all the territory eastward to the Indian Ocean between 5° north and the mouth of the Zambesi. The general act of the conference established the principle that the open door should be maintained in all acquisitions of territory which the signatory powers might thereafter make within the limits defined. These limits clearly include Somalia, for the whole coast and all but a corner of the interior—a corner perhaps not yet occupied—lie south of 5° north. The Italian Government officially recognized the applicability of the treaty to Somalia. 46

By the general act of the conference of Berlin, commercial discriminations and differentials of every sort were carefully forbidden; navigation fees were limited to a reimbursement of the costs of improvements in aid of commerce, and all import duties were forbidden. 46 The last-named regulation proved too sweeping, and in 1890 by an additional act at the conference of Brussels, this provision was changed to allow import duties not greater than 10 per cent ad valorem. 47

The treaties of 1885 and 1890 made provision for the reconsideration in 1905 of the rate of import duty to be permitted in the free-trade zone. This reconsideration did not take place, so that according to the treaty of 1890 the powers were to "return to the conditions provided for by Article IV of the general act of Berlin, retaining the power of imposing duties up to a maximum of 10 per cent upon goods imported." Article IV of the treaty of 1885 clearly restricts the prospective revision to the single feature of the rate of

44 The delegates at the conference recorded in one of the protocols their agreement that the principle should apply only to future acquisitions. By this, as well as by a more specific reservation, Portuguese Mozambique was excluded from the operation of the free-trade provisions of the act. (Ministère des Affaires Étrangères. Documents Diplomatiques: Affaires du Congo et de l'Afrique Occidentale. Paris, 1889, p. 101.) This protocol may be found in English in S. Ex. Doc. No. 196, 49th Cong., 1st sess.; but the translation is frequently at fault. For instance, the statement of Herr Busch, the German undersecretary of state, "l'engagement des puissances ne porte que sur les territoires qu'elles viendraient à occuper à l'avvenir," is rendered, "the engagement of the powers did not bear upon the territories which they might come to occupy in the future," while a correct translation requires the rendering bears only or applies only instead of did not bear. It may be noted that this statement in regard to future acquisitions of territory was made in the course of a discussion of the first article—the article which lays down the principle of free trade—and referred particularly to the proposal (afterwards adopted) to extend the free-trade principle to the zone to the east.

45 See the Anglo-German-Illtian treaty of 1890 (discussed below under the tariff history of Somalia), limiting duties in the "Eastern zone of the Conventional Basin of the Congo." See also the correspondence in the Green Book, La Somalia Italiana, 1885-1895, pp. 254-260.

46 For the text of these provisions see the section on the tariff policy of the Congo Free State, p. 85.

47 Except on spirituous liquors. In 1910 a further exception was made of arms and munitions.

185766°-22—25
import duty; the treaty of 1890 is equally clear and in two treaties 48 subsidiary to this latter, the United States, Great Britain, and the Congo Free State explicitly set forth the continuance of the obliga-
tion to maintain the open door so that none might make the mistake of thinking that this principle of equal opportunity had been revised or was open to revision. In view of the clearness with which this point is set forth in the treaties, it is hard to understand how the Italian Government came to introduce differential duties shortly after the territory was "redeemed" from the administering company and governed directly from Rome. The introduction of duties higher than 10 per cent on tobacco and on goods not enumerated in the short tariff schedule is equally inconsistent with the provisions of the treaty as amended in 1890.

RESTRICTION ON SALE OF FIREARMS AND ALCOHOL.

The Brussels conference of 1890 laid down certain definite pro-
visions and additional suggestions, restricting the sale of arms and
alcohol to the natives. The provisions applied to the whole of Africa
between 22° south and 20° north, limits which include Somaliland and
Eritrea and some of the southern oases of Libya. Most important, so
far as the tariff is concerned, was the attempt to check the sale of alco-
hol by imposing duties on its importation. These duties were fixed
at a minimum of 15 francs per hecatoliter (26.42 gallons) on alcohol
at 50° strength, a figure which was raised at the conference of 1899
to 70 francs, and again at that of 1906 to 100 francs. Proportion-
ately higher rates applied to greater strengths, according to the
treaties made at these two later conferences. The third of the three
treaties was ratified by the various powers, by France last—on
November 2, 1907. It was to be in force for 10 years, and its revisi-
ion might be moved after the eighth year. Eritrea by this treaty
was allowed to retain the rate of 70 francs, "the excess being in a
general and continuous way represented by the aggregate of other
duties existing in that colony." 49

In Eritrea the regulations restricting the importation of arms were
decreed by the governor on December 23, 1891, 50 and the duty on
alcohol was imposed by royal decree of December 8, 1892. 51 By
this decree the duty of 15 francs required by the Brussels conference
was made additional to the existing duty, and on each degree above
50° a further duty was levied at one-half of the original rate. This
did not apply to European liqueurs other than cognac, absinthe, and
mastic, in bottles and selling for not less than 3 lire per bottle;
nor was this duty to be levied as an excise on the local production.
These rates were later raised to comply with the requirements of
the international conferences of 1899 and 1906.

In Somalia these acts were applied, apparently in 1894, to the
four ports leased from Zanzibar, and during the spring of 1895, to

Conventions, International Acts, Protocols, and agreements between the United States of America and
other powers. Washington, 1910, 2 vols., Vol. I, p. 351. Articles X and XI of this treaty are quoted in
the section on the colonial tariff policy of the Congo State, p. 88. Treaty between the United States and
49 Malloy, Treaties, Conventions, etc., Vol. II, p. 2255, Art. I.
the rest of Somalia. From the regulations it appears that custom-houses were established at the four leased ports and at Giumbo, Langione, Torre, Dgelleb (Gelib), Mruti, and Itala.

The acts of Berlin and Brussels were explained to the Sultans of Obbia and of the Mijertines, and by letters of November 22, 1894, April 11, 1895, and of November 16, 1894, these rulers not only affirmed their adherence to those acts, but, stating that the religion of their peoples forbade the use of alcohol, they prohibited absolutely the importation of alcohol and also of arms into their dominions. The Sultan of the Mijertines affirmed, in a letter dated April 7, 1895, that these provisions were being fully executed in his territories. The accord of March 5, 1905, permitting the Mullah to occupy the territory between Ras Garad and Ras Gabbe (i.e., Nogal), forbids that ruler to permit the slave trade or to trade in arms and ammunition, but makes no mention of alcohol.

In a treaty of December 13, 1906, France, Great Britain, and Italy agreed that no arms should be imported into Abyssinia through French, British, or Italian Somaliland or Eritrea, except on special request of the Negus or King, giving the names of those authorized to receive them.

The action of the Italian Government in signing this treaty and in adhering to the acts of Berlin and Brussels was attacked in the Chamber on February 15, 1908. A deputy, Sig. Martini, stated that Abyssinia was flooded by alcohol which entered by way of Djibuti, French Somaliland, so that the commerce of Eritrea had been injured to the benefit of Djibuti, because Italy had, and France had not, adhered to the acts of Brussels. He stated further that it was a mistake to free the slaves who were brought by caravan into Italian territory; that this simply caused the caravans to go to other places. Therefore, no benefit accrued to the slaves, who remained slaves, while the commerce of the colony was diverted to other countries less zealous in their suppression of slavery. A report of a committee of the Italian Chamber of Deputies in 1912 ascribes the large decreases in the trade of Somalia in 1903-4 and 1904-5 to discontent due to the action taken against slavery.

COMMERCIAL TREATIES WITH INDIVIDUAL COUNTRIES.

The various commercial treaties between Italy and other single countries contain almost no references to the colonies. The most-favored-nation clause does not apply, ordinarily, to special relations between a country and its colonies unless it is specifically provided that it shall, and the form usually employed in the Italian treaties could in no case be so interpreted, as it specifies "favors granted to third powers," or, as in the treaty with Japan, "duties the lowest applied to similar articles of all other foreign origins." The treaty

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53 These declarations are given in French in the Brit. and For. State Papers, vol. 57, pp. 930-931, and in Italian and English in the Green Book just cited, No. 114, pp. 269-274.
56 Quoted by Papafava, Francesco: Due Anni de Vita Italiana, 1913, p. 601.
57 His statement that France had not ratified this treaty is incorrect.
58 Relazione della Giunta Generale del Bilancio, 1912, p. 66.
60 Treaty with Japan, Nov. 25, 1912, art. 5; Ibid., vol. 106, p. 1050.
with Servia, of January 1, 1907, provided that special favors granted within a customs union are not to be considered incompatible with most-favored-nation obligations. This might perhaps be construed as applicable to Italy’s relation with her colonies.

Two of Italy’s commercial agreements do refer specifically to the colonies. The treaty of July 14, 1906, with Egypt was applicable to the Italian colonies also, except Eritrea; and the exchange of notes of May 9, 1911, with Portugal provided that Italian and Italian colonial goods should enter Portugal, including Madeira, Porto Santo, and the Azores, on the most-favored-nation terms, but should not be entitled to such treatment in the Portuguese colonies. Likewise Portuguese and Portuguese colonial goods were not entitled to most-favored-nation treatment in the Italian colonies.

It should be observed, however, that many of Italy’s commercial treaties were due to expire in 1917, and that the remaining treaties guaranteeing most-favored-nation treatment have been recently denounced.

The one treaty which Italy has negotiated on behalf of a single colony—the customs convention in regard to trade between Eritrea and the Anglo-Egyptian Sudan—will be mentioned in connection with the Eritrean tariff.

**TARIFF POLICY.**

**FEW PREFERENCES IN ITALY TO ITALIAN COLONIAL PRODUCTS.**

The Italians have granted only on a very small scale preferential tariff treatment in Italy for imports from their colonies. This has been due to the strong protectionist feeling in Italy; but it should be remembered that many of the colonial exports, notably raw hides and skins, enter Italy duty free, from all sources, and that the colonial product could be granted a tariff favor only by the imposition of a duty on products from foreign sources. Until 1904 no tariff concessions were made by Italy in favor of the colonies. In that year free entry was granted to a restricted list of Eritrean products, including a limited quantity of wheat. In 1915, shortly before Italy entered the World War, a new rate with a small preference was granted to Eritrean cattle. During the war, many restrictions and prohibitions were imposed on colonial trade, but the tariff situation remained practically unchanged. Free entry was granted in February, 1917, to tanned hides and skins from all three colonies, and on February 8, 1918, to certain by-products of meat from Eritrea—in both cases only for the duration of the war. The Government was empowered to extend by decree the same favors to products of Somaliland as those granted to Eritrean products, but it seems to have taken no action under this power. The tariff of Somaliland grants special rates to four products of Eritrea; but this is the only case of intercolonial preferences which appears in the Italian system.

**OBJECTS SOUGHT: CHIEFLY LOCAL INTEREST AND CONSERVATION.**

While the Italians have sought to promote their trade in the colonies and have employed preferences as a means to that end, their

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trade does not appear to have been their foremost concern. In Eritrea, when the imposition of rates of 15 and 20 per cent upon goods of foreign origin failed to bring Italian goods onto the market, the rates were reduced in the interest of the colonial consumer and for the promotion of the transit trade. The development of the colonies was apparently considered more important than the affording of particular advantages to Italian trade. Fiscal considerations, in Somalia certainly and in Libia apparently, account for failure to grant larger preferences to Italian trade with those colonies. In the import and export duties of Somalia there is evidence of the intention to afford a certain amount of protection to local industry: a duty of 10 per cent is levied on imports whether foreign or Italian of tanned skins, leather, manufactures of wood, meats, and lumber; and duties of 10 per cent on exports of lumber, raw hides, and skins, but only 1 per cent on manufactures of wood and on leather. The comparatively high duties on animals and the prohibition on the exportation of camels are probably to be classed as conservation. The Eritrean duties on the exportation of wild animals were in conformity with conclusions adopted in a European conference and treaty draft on the preservation of the game of Africa.

CERTAIN PREFERENCES IN THE COLONIES TO ITALIAN TRADE.

Open preferences.—Exemption from the import duties of Massowa was granted to Italian goods in 1885. Smaller tariff favors have been granted in Somalia since 1905 (the beginning of the direct administration by Italy) and in Libia since 1914. In Eritrea the policy seems to have been to foster Italian trade as much as that could be done without raising the duties on foreign goods above 10 or 15 per cent, and the duties have remained almost unchanged since 1900. In Somalia, on the other hand, though none of the ad valorem rates have been raised above 15 per cent, the preferences have been increased several times and have been introduced into the export duties as well as import duties.

Concealed preference in Libia.—In Libia open tariff preferences were granted on some of the most important articles of trade in 1914, but even previous to that date a preference amounting to perhaps 50 per cent of the duty had been given by the process of undervaluing Italian merchandise by about that amount.  

CONCLUSIONS AS TO PREFERENCES.

While preferences to colonial products on importation into Italy have been very slight, Italy is consistently committed to the policy of preference for her own products in the colonial markets. The extent of this preference is limited at the present time by the need of revenue and by the policy of not raising colonial duties beyond certain moderate rates; the preferences accordingly are not so great as in the colonies of many other countries and, though the presence of other factors and the defects in the available statistics suggest caution in drawing conclusions, the effects seem to have been small outside of the trade in cottons—but cottons are the chief articles of import, at least in Eritrea and Somalia.

63 In the nineties.
64 See p. 418.
COLONIAL TARIFF POLICIES.

COLONIAL TARIFF SYSTEM.

CHARACTER OF SCHEDULES.

The Italian colonial tariffs are characterized by low but increasing rates of import duty, few and small export duties, short free lists, and a tendency toward increasingly preferential treatment of trade with Italy.

Import duties and free lists.—The schedules of import duties in the three African colonies are all short and simple: most kinds of non-Italian goods pay in Eritrea 8 per cent, in Somalia 10 or 15 per cent, and in Libia 11 per cent ad valorem. Cotton goods however constitute much the most important of the articles of import, and on these the rate in Eritrea and Somalia is 10 per cent; while in Libia, in addition to 8 per cent ad valorem, there are specific surtaxes chiefly on foreign cottons. Except on tobacco and beverages, all the duties of Somalia are ad valorem; Eritrea has specific rates also on cereals and watches; while Libia has specific duties on playing cards, and mixed specific and ad valorem rates on cotton and woolen yarns and textiles, on sugar and on wine—the specific duties falling most heavily or entirely on merchandise of non-Italian origin and constituting the differential part of the duty. Libia has a free list which is of some importance to the agricultural interests, but the other two colonies admit practically nothing free under the general laws, aside from travelers' baggage, military equipment, government supplies, etc. However, special laws and decrees grant concessions of land in Somalia and exempt from duty the imports of equipment for these concessions. It is not specified that such imports—machinery, etc.—must be of Italian origin, but there is little doubt that they usually are.

Export and statistical duties.—In the fiscal system of the Italian colonies, little use is made of export duties. The chief exception is that hides from Somalia pay a duty of 10 per cent ad valorem if destined to foreign countries or of one-half that amount if their destination is Italy. Aside from this, since the reductions made in the Somalian rates in 1911, the exports of Somalia and Eritrea pay but 1 per cent. In Eritrea this 1 per cent is termed a statistical duty and is levied on all goods which cross the customs line free of other duties, i. e., on all exports to or imports from Italy and on all goods on the free list. The Libian provinces have a few export duties of 1 to 5 per cent.

IV. Tariffs of the Colonies Individually.

[Those not wishing to follow the detailed discussion of Italian tariff policy as applied in the separate Italian colonies should pass over pp. 384-422, inclusive. They were prepared for detailed study, not for the general reader. The effects of the tariff differentials are discussed on pp. 399, 408, and 418.]

ERITREA.

SITUATION AND COMMERCE.

The colony of Eritrea lies between the Red Sea and Abyssinia. Its area is 45,800 square miles and its population about 300,000. Cattle raising is the chief occupation, though cereals and cotton are produced and palm and other forest products are collected. Pearl fishing is the second industry of the country, the value of the pearls
being estimated at some 4,000,000 lire annually, though, as will be
seen from Table 3, only a small fraction passes through the custom-
house. Mother-of-pearl and other shells are also of commercial
importance, especially the trocas shell. This shell also largely escapes
the Eritrean customs, being taken to Djibuti for direct shipment
to its market, Havre. The salt pans which dated back to the
Egyptian occupations were reequipped and exportation of salt was
resumed in 1909.65 Cereals are grown on the plateau in the interior
but not in quantities sufficient for the local consumption. Since
1910 much the most important vegetable export has been a kind of
vegetable ivory, the seed of a species of palm.

The chief articles of commerce and the share of Italy in the trade
are shown, for the last year before the war, in Table 3.

Table 3.—Trade of Eritrea, 1913.a

<table>
<thead>
<tr>
<th>Imports</th>
<th>Total</th>
<th>From Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton goods</td>
<td>5,523</td>
<td>4,519</td>
</tr>
<tr>
<td>Dura</td>
<td>2,252</td>
<td></td>
</tr>
<tr>
<td>Iron and steel</td>
<td>582</td>
<td>173</td>
</tr>
<tr>
<td>Wines</td>
<td>761</td>
<td>746</td>
</tr>
<tr>
<td>Sugar</td>
<td>503</td>
<td></td>
</tr>
<tr>
<td>Utensils, machinery and parts of</td>
<td>534</td>
<td>353</td>
</tr>
<tr>
<td>Manufactures of wood</td>
<td>482</td>
<td>383</td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>419</td>
<td>233</td>
</tr>
<tr>
<td>Wheat flour</td>
<td>412</td>
<td>320</td>
</tr>
<tr>
<td>Rice</td>
<td>396</td>
<td>9</td>
</tr>
<tr>
<td>Cement</td>
<td>273</td>
<td>273</td>
</tr>
<tr>
<td>Spirits, pure and sweetened</td>
<td>232</td>
<td>35</td>
</tr>
<tr>
<td>Kerosene</td>
<td>237</td>
<td>227</td>
</tr>
<tr>
<td>Lumber</td>
<td>233</td>
<td>233</td>
</tr>
<tr>
<td>Coffee and coffee husks</td>
<td>227</td>
<td></td>
</tr>
<tr>
<td>Tobacco, raw</td>
<td>132</td>
<td></td>
</tr>
<tr>
<td>Soap</td>
<td>109</td>
<td>102</td>
</tr>
<tr>
<td>All other articlesb</td>
<td>3,187</td>
<td>1,738</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,617</strong></td>
<td><strong>9,557</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exports</th>
<th>Total</th>
<th>To Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dried hides and skins</td>
<td>5,198</td>
<td>2,331</td>
</tr>
<tr>
<td>Seeds of the palm dum</td>
<td>1,334</td>
<td>1,203</td>
</tr>
<tr>
<td>Mother-of-pearl</td>
<td>1,318</td>
<td>133</td>
</tr>
<tr>
<td>Sea salt</td>
<td>1,029</td>
<td></td>
</tr>
<tr>
<td>Butter</td>
<td>325</td>
<td></td>
</tr>
<tr>
<td>Pearls</td>
<td>384</td>
<td></td>
</tr>
<tr>
<td>Trocas shells</td>
<td>325</td>
<td></td>
</tr>
<tr>
<td>Wax</td>
<td>252</td>
<td></td>
</tr>
<tr>
<td>Linseed</td>
<td>233</td>
<td>105</td>
</tr>
<tr>
<td>Raw cotton</td>
<td>142</td>
<td>142</td>
</tr>
<tr>
<td>Gums</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>All other articlesc</td>
<td>252</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,112</strong></td>
<td><strong>4,161</strong></td>
</tr>
<tr>
<td><strong>Total trade</strong></td>
<td><strong>27,729</strong></td>
<td><strong>13,718</strong></td>
</tr>
</tbody>
</table>

a Bol. dileg., 1914, Pt. II, pp. 265-283. The figures are, strictly, those of the maritime trade of Massowa,
excluding the transit trade in goods both imported and reexported by sea. The value of this transit trade
was 2,896,000 lire in 1913.

b Excluding specie to the value of 3,837,000. None of this came from Italy.

c Or 57.5 per cent.

d Excluding specie to the value of 475,000. None of this was destined for Italy.

e Or 37.4 per cent.

f Or 49.7 per cent.

III, p. 239.
The port of Massowa is a transhipment center for merchandise destined chiefly for Arabia. The value of the trade involved is about 5,000,000 lire annually.

The war had less effect on the value of the commerce of Eritrea than on that of a good many other colonies. The change of greatest importance was the increase in the proportion of the exports which went to Italy. This increase appeared particularly in connection with the item hides. In 1915, the exports of hides, a product which had increased greatly in value, accounted for more than two-thirds in the value of the total exports; and of the quantity of hides exported Italy took an increased share. Canned meats, exported to the value of 989,000 lire in 1915 and 765,000 lire in 1916, went entirely to Italy. The war affected the import trade less than the export trade, so far as values were concerned. The decreased share of Italy in this trade was due chiefly to increased imports of cereals and other vegetable foodstuffs from other sources. Italy maintained her place in the cotton trade until 1916. In metals and metal manufactures she increased her share from less than one-half in 1912 to 1,123,000 out of 1,234,000 lire in 1916.

Tables 4 and 5 show the total trade, excluding specie, of Eritrea, together with the Italian share of this trade and the amount of certain important items of import and export in the latest years for which the figures are available. The value of the cottons imported exceeded that of the foodstuffs tabulated but shows much less important variations.

Table 4.—Imports into Eritrea.1

[In thousands of lire.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Total.</th>
<th>From Italy.</th>
<th>Per cent from Italy.</th>
<th>Cereals, flours, vegetable foodstuffs.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total.</td>
</tr>
<tr>
<td>1912</td>
<td>15,914</td>
<td>9,492</td>
<td>62</td>
<td>1,745</td>
</tr>
<tr>
<td>1913</td>
<td>16,617</td>
<td>9,557</td>
<td>58</td>
<td>3,416</td>
</tr>
<tr>
<td>1914</td>
<td>22,773</td>
<td>13,212</td>
<td>58</td>
<td>6,162</td>
</tr>
<tr>
<td>1915</td>
<td>22,455</td>
<td>14,118</td>
<td>63</td>
<td>4,246</td>
</tr>
<tr>
<td>1916</td>
<td>20,577</td>
<td>11,397</td>
<td>55</td>
<td>5,442</td>
</tr>
</tbody>
</table>


Table 5.—Exports from Eritrea.1

[In thousands of lire.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Total.</th>
<th>To Italy.</th>
<th>Per cent to Italy.</th>
<th>Hides and skins.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total.</td>
</tr>
<tr>
<td>1912</td>
<td>7,698</td>
<td>3,099</td>
<td>40</td>
<td>1,290</td>
</tr>
<tr>
<td>1913</td>
<td>11,112</td>
<td>4,161</td>
<td>37</td>
<td>5,207</td>
</tr>
<tr>
<td>1914</td>
<td>9,271</td>
<td>4,457</td>
<td>48</td>
<td>5,622</td>
</tr>
<tr>
<td>1915</td>
<td>13,386</td>
<td>10,679</td>
<td>79</td>
<td>9,241</td>
</tr>
<tr>
<td>1916</td>
<td>10,716</td>
<td>7,198</td>
<td>67</td>
<td>5,410</td>
</tr>
</tbody>
</table>

Assab and Massowa.—The port of Assab had been purchased in 1869 but it was not occupied until 1880. By a ministerial ordinance of December 24, 1880, it was declared a free port without customs duties, anchorage, or lighthouse fees. The residents, including natives, were to pay neither direct nor indirect taxes; but it was provided that all these exemptions might be revoked if conditions changed.66 In 1899 the Eritrean customs line was extended to include Assab, and a customhouse was established there, but later in the same year the governor reduced to 8 per cent all duties that were above that rate.67

Massowa, the chief port of Eritrea, was occupied by the Italians on February 5, 1885. On June 3 of the preceding year the British admiral, Sir W. Hewett, had negotiated, and on behalf of Great Britain had signed, the treaty to which the Khedive of Egypt and the Negus of Abyssinia were the principal parties.68 This treaty provided for free transit of goods to and from Abyssinia through Massowa. The Italian consul on mission, Sig. Maissa, reported in March, 1885, that this provision for free transit had not been observed by the Egyptian administration. Presumably therefore that administration had been collecting duties at the uniform rate of 8 per cent ad valorem to which the import duties of Egypt are limited by treaty.69 Prof. Betocchi states that the Italians continued the "examination system of the Egyptians, making it worse." 70

The earliest Italian tariff of Eritrea is not available, but presumably the 8 per cent rate was continued in force for a time; at least a table of valuations for the collection of an ad valorem duty was proclaimed by royal decree of November 2, 1885.71

Exemption of Italian goods.—The first decree relating to the tariff régime of Massowa, November 2, 1885, announced the exemption from duties of all Italian goods shipped from Italian ports with the proper formalities.72 Further, these goods were to receive the same drawbacks in Italy as if they were exported to foreign countries.73 This policy has been consistently maintained, with the exceptions that since 1893 goods exempt from import or export duty have been subject to a statistical duty whose rate was fixed in 1899 at 1 per cent,74

67 Royal decree of Feb. 2, 1899, art. 26; governor's decrees May 31, and Aug. 21, 1899. Any goods which were reexported from Assab to other ports of Eritrea were to pay in the latter the difference in the rates of duty in the two places. Erit. Man., Vol. IV, pp. 312, 386, 505. By royal decree of May 16, 1900, Eritrean taxes of all sorts were extended to Assab. Ib., Vol. IV, p. 606.
68 Italian Green Book, Massaua. Camera dei Deputati, 16th legislature, 2d sess. (1888), Atti Parlamentari, Doc. XVIII, p. 28. This provision for free transit is put first; probably of more pressing importance were arts. 2 and 3 which provided for the evacuation of Kassala and other territory by the forces of the Khedive in favor of the Negus, and that the Negus should facilitate the return of these troops through Massowa.
69 Ib., p. 23, letter of Mar. 20. The consul recommended that, as heir to this obligation, Italy should make a new agreement with the Negus and should impose duties. Italy, however, refused to recognize any succession in regard to the capitulations, and the view expressed by the consul in regard to the obligation under this treaty was probably not shared by the Negus.
71 It is not likely that the Eritrean Manuale would omit a general tariff decree, while the continuation of the collection of the old duty during the organization of the new administration is probable. The tables of valuation are omitted from the Manuale, regularly, but a decree of Oct. 14, 1897, refers to a table of valuation of Nov. 2, 1885. Specific duties on tobacco were imposed by decree of Dec. 10, 1885. Erit., Man., Vol. I, p. 151.
74 Decree of Feb. 2, 1899, Ib., Vol. IV, p. 309. Raccolta, Dec. 30, 1909. Ib., Vol. VI, p. 848. By the decree of Dec. 10, 1895, the rate had been 25 centesimi ($0.05) on each package or each quintal (220.4 pounds) of goods in packages exceeding that weight or in bulk with exceptions. Erit. Man., Vol. II, p. 836.
and that since 1892 Italian liquors have been dutiable. The duties prescribed in the Brussels conventions were imposed as surtaxes on both Italian and foreign liquors (except on some which already paid a higher rate than the minimum prescribed) and the foreign liquors continued to pay the 15 per cent ad valorem prescribed in the tariff. In 1912 this surtax was abolished, but the Italian liquors, instead of being allowed free entry, were given a preferential rate of three-fourths the amount of the rate on foreign liquors. 78

The governor is empowered to farm out the sale of the cigars of the Italian government monopoly. 76

Export duties.—In the early years of the Italian occupation of Eritrea small export duties were collected in Massowa. 77 A custom-house was also maintained on the landward side of Massowa and all produce coming from the interior whether Eritrean or Abyssinian paid the import duty (8 per cent) at this point in advance of exportation. By decree of June 14, 1893, this custom-house and the export duties upon the produce of the Eritrean mainland were abolished. 79

This same decree instituted a statistical duty (as already mentioned) on all imports or exports otherwise free. By decree of February 2, 1899, all export duties, including those on Abyssinian products, were swept away and the rate of the statistical duty was made 1 per cent. 79

In 1902 a list of specific duties was imposed upon the exportation of wild animals. This was the result of a general agreement among the African powers for the preservation of wild animals, but the agreement was not ratified by all the powers and never became obligatory. 80 From 1903 to 1912 81 linseed was exempt from even the statistical duty. 82

Treaty with the Anglo-Egyptian Sudan.—In 1901-2 Italy made a treaty with Egypt by which maximum rates were established for the trade between Eritrea and the Sudan. In each of the two regions the import duty upon the products of the other was limited to 5 per cent, and the rate of export duty on merchandise bound for the other for consumption there was limited to 1 per cent. This treaty was denounced on July 2, 1916, to take effect January 2, 1917, but the 5 per cent rate was continued in force. 83

Changes in rates of import duties.—Apparently from the beginning the general rate of the Eritrean tariff has been 8 per cent. The tendency has been, however, toward increasing complexities by introducing new rates both specific and ad valorem. Specific rates

80 The text of the convention of May 19, 1900, may be found in Som. Man., Vol. I, p. 120. The failure to ratify was due partly to the raising of the question whether the wild animals were not carriers of the sleeping sickness.
82 In 1903 the Official Bulletin of Eritrea announced a bounty of 6 lire per hundred kilograms on wheat exported. This was later changed to a bounty smaller in proportion on exportation to countries where the duty on wheat was less than that of the Italian tariff. The payment of the bounty was limited to a total of 7,000 tons and to a period of three years. No mention of this bounty is found in the Eritrean Manuale, but a criticism of it and a ministerial apologia is found in L'Africa Italiana al Parlamento Nazionale, 1894-95, p. 716. The governor had acted on his own authority, and the ministries of finance and agriculture denied all knowledge of it. The measure was soon abandoned. Sommalo, Senator Giorio: Per il progresso della colonia Eritrea. Nuova Antologia, Sept. 16, 1904, p. 271.
have been applied to tobacco since 1885; to grain, flour, and bran since 1896; and to watches since 1899. These higher rates were 15 per cent ad valorem, except on sugar where the rate was 20 per cent. In 1899 and 1900 these higher rates were reduced to the rates now in force, to facilitate competition in markets beyond the frontier. In 1897 an ad valorem rate of only 1 per cent was put on raw gold, pearls, and precious stones, but since 1899 this rate has been applied only to raw gold. There are several provisions under which the personal effects of travelers, colonists, and officials enter free, but the only goods marked free on the tariff schedules are coal and rough building stone and gold and silver coin. The silver admitted free is the coinage of the Latin League and the special coins of Eritrea. The exemptions are not absolute, for all goods free of customs duty pay 1 per cent as a statistical duty. The treatment accorded the Maria Theresa thaler has varied; it is not included in the tariff schedules, but by special decree is now exempt both from the customs duty and from the statistical duty.

Between 1900 and the beginning of the war, changes were very few. In 1912 coffee the produce of the Yemen (Southwestern Arabia) was granted free entry. No reason for this is assigned except the desire to increase the importation, but it appears from other evidences that the object was to encourage the cultivation of the Yemen variety. In 1913 the duty on wheat flour was somewhat reduced, that on wheat was almost cut in half, while that on flour of other cereals was more than doubled—making it the same as that on wheat flour.

The war brought numerous prohibitions and other exceptional provisions, but the only change in the general tariff schedule was the doubling of the rates on tobacco, except that on surati leaf tobacco.

Preferences in Italy to products of Eritrea.—By a law of July 18, 1904, Eritrean wheat to a limit of 20,000 quintals annually was to be admitted to Italy free. In addition, the following products, in unlimited quantities, were granted free entry: Kouso flowers, senna flowers, tamarinds, juice of aloes, gums and resins, raw cotton, wheat, barley, dura, millet, sorghum succaratum, bran.

On April 1, 1915, a law was finally passed granting the rate of 5 lire per hundred kilograms to Eritrean cattle and exempting them

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86 Ib., Vol. IV, p. 301.
87 Ib., Vol. IV, p. 213.
88 Ib., Vol. IV, p. 300.
92 Since 1897.
97 Governor's decree of Dec. 4, 1913. Bol. di Legis., 1913, p. 1027. The rates were (lire per quintal): Wheat, 1900, 7.50; 1913, 4. Wheat flour, 1900, 12.50; 1913, 11.50. Other flour, 1900, 5; 1913, 11.50.
100 A decree of Sept. 2, 1915 (Bol. di Legis., 1915, p. 1123) corrects an error of transcription and makes this item now read "leaves of senna." That this error remained uncorrected so long suggests that the provision was of little or no importance.
also from the statistical duty. This favor was to be limited to a quantity to be specified annually by royal decree after consultation with the governor of Eritrea.\(^2\) By the same law the favor granted to Eritrean wheat in 1904 was withdrawn;\(^3\) but the duty on wheat of all origins had been suspended.\(^4\) This suspension was continued at least until June 30, 1920. It was also provided that special customs facilities should be given to meat and meat products from Eritrea. To four Eritrean products a further favor was extended by the new tariff of Somalia proclaimed by the Royal decree of August 12, 1911, which was in force from January 1, 1912.\(^5\)

**Present tariff rates.**

*Import duties.*—As may be seen from the schedules which follow, the present import tariff of Eritrea is characterized by the imposition of the rate of 8 per cent ad valorem on all articles of non-Italian production, with a few important exceptions. Tobacco, certain cereals, and watches pay specific rates; cottons pay 10 per cent ad valorem; while alcoholic beverages, oils, sugar, and linen pay 15 per cent. The free list is very short. The preference to Italian goods consists in their being admitted free, except for the statistical duty of 1 per cent and except that liquors pay three-fourths of the rate levied on the foreign product, i. e., 1 1/4 per cent instead of 15 per cent.

**Eritrean import duties.**

<table>
<thead>
<tr>
<th>General Tariff</th>
<th>Lire. c.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigars of all kinds(^7) (kilo.)</td>
<td>15 00</td>
</tr>
<tr>
<td>Cigarettes(^7) (kilo.)</td>
<td>10 00</td>
</tr>
<tr>
<td>Tobacco; otherwise manufactured(^7) (kilo.)</td>
<td>8 00</td>
</tr>
<tr>
<td>Tobacco, in the leaf (except Surati) (kilo.)</td>
<td>5 00</td>
</tr>
<tr>
<td>Tobacco, Surati (in the leaf and stalks) (kilo.)</td>
<td>0 75</td>
</tr>
<tr>
<td>Wheat(^8) (quintal)</td>
<td>4 00</td>
</tr>
<tr>
<td>Wheat flour(^8) (quintal)</td>
<td>11 50</td>
</tr>
<tr>
<td>Flour of other cereals(^8) (quintal)</td>
<td>11 50</td>
</tr>
<tr>
<td>Bran(^9) (quintal)</td>
<td>2 50</td>
</tr>
<tr>
<td>Wine, beer, spirits, and liqueurs</td>
<td>15% ad valorem</td>
</tr>
<tr>
<td>Oils, fixed, mineral, or volatile</td>
<td>15% ad valorem</td>
</tr>
<tr>
<td>Flax, raw or manufactured</td>
<td>15% ad valorem</td>
</tr>
<tr>
<td>Wool, raw or manufactured</td>
<td>8% ad valorem</td>
</tr>
<tr>
<td>Gold, crude or manufactured</td>
<td>1% ad valorem</td>
</tr>
</tbody>
</table>

Lire. c.

| Watches, gold (each) | 2 0 |
| Watches, silver (each) | 1 0 |

Gold coin legally current: Free.

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\(^{1}\) Bol. di Legis. 1915, p. 677. The absence of decrees specifying quantities, and of other regulations, makes it appear probable that this cattle trade does not exist and that the special rate remains thus a dead letter.

\(^{2}\) In 1913 a factory was established in Eritrea for preparing meat products, especially those suitable for the use of the army. Considerable quantities of these products were shipped from Eritrea to Italy in the later years of the war, which probably took the place of shipments of cattle.

\(^{3}\) Ibid., p. 675. A decree of Feb. 3, 1914, exempted from duties, for the duration of the war, by-products of slaughtering (tongue, brains, etc.) prepared and conserved in boxes, when of Eritrean production. Ministero dello Colonie, Bollettino Ufficiale, 1915, p. 51.

\(^{4}\) The abrogation of the favor to Eritrean wheat was dated back to July 1, 1914. The duty on wheat had been reduced to 1 lire, per quintal (100 kilos) from Oct. 29, 1914, and was suspended from Feb. 1, 1915. (Board of Trade Journal, Feb. 25, 1915.)

\(^{5}\) The products and rates were: Coffee, 8 per cent; salt, 5 per cent; corn or wheat and flour, 1 per cent. See Som. Min., Vol. III, p. 593. The favor to Eritrean corn or wheat and flour was established in 1905, but at 5 per cent. On products coming from other sources the rate was 10 per cent. See under Somalia, p. 405.

\(^{6}\) A rebate of 10 per cent shall be allowed on the evaluation established by the customs appraisement. This rebate shall not apply to goods dutiable at the rate of 1 per cent ad valorem nor to those of a value inferior to 10 lire.

\(^{7}\) Duties are established on real net weight.

\(^{8}\) Duties are established on gross weight.
Silver coin of the Latin Union and of Eritrea................................. Lire. c.
Cotton, raw or manufactured.................................................. Free.
Silk, raw or manufactured...................................................... 10% ad valorem.
Sugar and preparations of sugar............................................. 8% ad valorem.
Coal.................................................................................. Free.
Stones, building, unwrought................................................. Free.
Scientific collections; products of the fisheries intended for consumption in the colony; cement, charcoal, and other materials proceeding from shores in the colony near a customs office, transported by sea to facilitate transit by land, provided no doubt exists as to their origin; samples of no value; plants alive; goods having paid duties and shipwrecked within sight of the littoral; remains of masts, sails, anchors, and cordage of national vessels, wrecked; ship stores for use of the crew and passengers during their sojourn in port................................................................. Free.

**Effects:** Furniture, books, linen/arms, and implements, having been in use, belonging to travelers and imported in a quantity proportionate to their position; war material and articles of equipment proceeding from military magazines and imported on account of the royal colonial troops................................................................. Free.

Products of the entire colony, furnished with certificates of origin issued by the competent authority and proving the local production................................................................. Free.

Goods not specially mentioned............................................. 8% ad valorem.

**Preferential Tariff.**

Italian spirits................................................................................... 11½% ad valorem.

Other national or nationalized goods within the meaning of the customs law, including those which have enjoyed drawback, if furnished with seals of the Italian customs and accompanied by customs bulletins replacing certificates of origin, and packages directed to public administrations by permission of the governor.... 1% ad valorem.

**Export duties.—** There are specific duties on the exportation of wild animals.** Mother-of-pearl** is scheduled to pay 3 per cent.** Sheep and goat skins were temporarily exempted from export duty by decree of March 26, 1917, and this exemption was made definitive and extended to hides and skins of all kinds by decree of February 18, 1919. With these exceptions all exports pay only the statistical fee of 1 per cent.

**Export duties.**

Mother-of-pearl.............................................................................. 3% ad valorem.
Hides and skins............................................................................... Free.
Goods cleared on importation and reembarked............................. Free.

Neukseed........................................................................................ Free.

Wild animals (each):

Lions............................................................................................. Lire.
Leopards......................................................................................... 130
Elephants....................................................................................... 80
Giraffes.......................................................................................... 1,300
Rhinoceros...................................................................................... 700
Hippopotamus................................................................................ 1,300
Gurezza and other long-haired monkeys................................... 600
Buffaloes........................................................................................ 50

* The customs may, in exceptional cases, admit free of duty goods which are evidently of national origin even if they do not conform with these conditions.
* Gypsum, lime, cement, bricks, roofing tiles, and other similar products shall not require seals.
* Governor's decree of May 10, 1902 (Erit. Man., Vol. IV, p. 960), authorized by royal decree of Apr. 18, 1902.
* Bol. dl legis., 1918, p. 287; 1919, p. 192.
* Neukseed has been exempt from duty since 1909. Decree of May 11, 1909, Erit. Man., Vol. VI, p. 578.
Wild animals (each)—Continued.
Antelopes: addax nasomaculatus, strepsiceros capensis (etc.) 600
Antelopes and gazelles: damalisicus tiang, bubalus tora (etc.) 250
Antelopes and gazelles: ariel, madoqua, digdig (etc.) 10
Wild boar (phacoceras africanus) 50
Oryctopolus ethiopicus (arabic abu delel) 50
Ostriches 70

Articles of archeological or ethnographical interest. On the first 300 (7500) lire of their value, 6% ad valorem. On the second 500 lire of their value, 8% ad valorem. On the third 500 lire of their value, 10% ad valorem. And so on up to All other exports (statistical duty) 1% ad valorem.

Prohibitions, restrictions, and monopolies.—The importation of hashish is prohibited, and medicines enter only after special authorization. The Italian Government monopoly of tobacco does not apply to Eritrea, but the monopoly's cigars pay a special lower tax—diritto di privativa—and private individuals are not permitted to import them. Salt is a Government monopoly. It is sold by the customs administration at a fixed price. The chief prohibitions and restrictions in Eritrea have been those on the export of beasts of burden, those on the sale of arms and munitions—including lead, and those imposed for sanitary reasons on the importation of cattle and plants. A decree of September 21, 1916, prohibited the exportation of cattle hides to other than Italian ports.

Present preferences in Italy to products of Eritrea.—The products of Eritrea enter Italy on the same basis as those of the most-favored nations, except cattle and the articles enumerated below. Cattle are given a rate of 5 lire per hundred kilograms up to a limit which is to be fixed annually by a royal decree. These cattle weigh usually 250 to 300 kilograms, so that they pay about 15 lire each, as compared with the foreign cattle which average about 600 kilograms in weight and pay 38 lire per head (without reference to weight). On the basis of weight, therefore, and presumably on that of value also, the preference to colonial cattle is small. The change consists rather in the adoption of a different basis for the levying of the duty, so that small size will have no effect in the case of colonial cattle, whereas in the case of other cattle it will have an adverse effect. Hides and skins, tanned without the hair, from all the Italian colonies were granted in February, 1917, free entry—for the duration of the war—but this is of no importance to Eritrea. Since 1904 the following Eritrean products specified in the following table have entered free both from customs duty and from the statistical duty, and have had the protection of the duties, if any, specified on articles of other origins:

14 Decree of Oct. 3, 1913. Bollettino Ufficiale, 1915, p. 476. The authorization of the governor is necessary for the exportation of these articles. The text reads 300 lire, but the use of the words “first” and “second,” as well as a comparison with the similar laws of Italy and Libya, makes it seem probable that it should read 500.
15 Erit. Man., Vol. IV, p. 849, art. 35.
20 Southard, A. E.: Abyssinia, Special Consular Reports, No. 81, 1917, p. 59. Sheep and goat skins were not included, as the Italian tanners were not in a position to treat them. Relazione sulla situazione 1918, p. 315.
21 Italian Senate, Atti Interni, No. 706, Vol. 8, 1911. But probably no cattle are exported.
Italian import duties.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Free.</td>
<td>Free to 7</td>
<td>Free.</td>
</tr>
<tr>
<td>Kusso flowers.</td>
<td></td>
<td>Free to 4</td>
</tr>
</tbody>
</table>
| [not pulverized.]
| Senna leaves.... |                         | Free.       |
| [pulverized....] |                         | Free.       |
| Tamarinds        |                         | 2.80        |
| Juice of aloes.  |                         | 10          |
| Gums and resins. |                         | 2           |
| Raw cotton....... |                         | 3           |
| Wood, general rates. |                   | Free to 7   |
| Wood, conventional rates\(^1\) | | Free to 4 |
| Barley\(^2\)    |                         | 1.15        |
| Dura            |                         | 1.15        |
| Millet          |                         | 1.15        |
| Sorghum succharatum. |               | 1.15        |
| Bran            |                         | 3.50        |

\(^1\) Some of the tariff items under the general term “wood” have lower rates under the conventional tariff: all the other articles on the list have the same rates in both columns of the tariff.

\(^2\) Free for manufacture of beer.

**EFFECTS OF THE TARIFF DIFFERENTIALS ON ERITREAN-ITALIAN TRADE.**

As Italian products have enjoyed practically the same differential advantage in Massowa almost from the day of its occupation the effect of this differential can not be distinguished from the effects of the political and sentimental advantages which commonly bring a considerable proportion of the trade of a colony, even without a tariff preference, to the merchants of the mother country. As may be judged from Table 6, the imports from Italy were negligible before 1886; they developed slowly to 1903 and rapidly since that year, and have come to constitute practically one-half of the total. The import totals from other countries decreased on the whole steadily from 1886 to 1905, and the recovery shown in the years 1910-1915 does not bring the value of their imports—even with the inclusion of large quantities of bullion and specie—to the figures of 1886-1891 which excluded that item. Detailed examination of the figures would no doubt show that this relatively constant foreign trade was made up to an increasing extent of certain articles in which Italy can not compete, and that the growing Italian trade represents to a considerable degree the substitution of Italian for foreign articles of the kinds in which Italy can compete; but this would be of little assistance toward determining the relative importance of the tariff differential as compared with other factors in the development of Italian trade. In 1913, nearly one-third of the imports from foreign countries consisted of dura, rice, sugar, coffee, and raw tobacco, of which Italy supplied none.\(^24\) Italy supplied, however, all the cement and most of the cottons and yarns, lumber and wood manufactures, wines, soaps, wheat flour, and kerosene. This last item represents transit trade.

\(^24\) Except 9,300 lire worth of rice.
### Table 6.—Growth of Italian export trade to Eritrea and the trade in cottons, 1886–1915.

<table>
<thead>
<tr>
<th>Year</th>
<th>Eritrean imports</th>
<th>Cottons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total paying duty</td>
<td>From Italy</td>
</tr>
<tr>
<td>1886</td>
<td>9,196</td>
<td>591</td>
</tr>
<tr>
<td>1887</td>
<td>8,457</td>
<td>1,070</td>
</tr>
<tr>
<td>1888</td>
<td>11,732</td>
<td>1,094</td>
</tr>
<tr>
<td>1889</td>
<td>12,646</td>
<td>1,235</td>
</tr>
<tr>
<td>1890</td>
<td>9,543</td>
<td>929</td>
</tr>
<tr>
<td>1891</td>
<td>7,089</td>
<td>916</td>
</tr>
<tr>
<td>1892</td>
<td>7,315</td>
<td>849</td>
</tr>
<tr>
<td>1893</td>
<td>7,659</td>
<td>1,308</td>
</tr>
<tr>
<td>1894</td>
<td>12,098</td>
<td>4,990</td>
</tr>
<tr>
<td>1895</td>
<td>9,542</td>
<td>1,712</td>
</tr>
<tr>
<td>1896</td>
<td>10,400</td>
<td>1,755</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>From all countries</th>
<th>From Italy</th>
<th>Cottons imported</th>
<th>Imports of—</th>
</tr>
</thead>
<tbody>
<tr>
<td>1899</td>
<td>9,071</td>
<td>1,700</td>
<td>3,322</td>
<td>Italian cottons</td>
</tr>
<tr>
<td>1900</td>
<td>9,277</td>
<td>2,279</td>
<td>3,286</td>
<td>277</td>
</tr>
<tr>
<td>1901</td>
<td>9,932</td>
<td>2,075</td>
<td>3,392</td>
<td>345</td>
</tr>
<tr>
<td>1902</td>
<td>7,990</td>
<td>1,583</td>
<td>2,633</td>
<td>170</td>
</tr>
<tr>
<td>1903</td>
<td>7,761</td>
<td>1,788</td>
<td>3,152</td>
<td>184</td>
</tr>
<tr>
<td>1904</td>
<td>7,777</td>
<td>2,211</td>
<td>2,934</td>
<td>487</td>
</tr>
<tr>
<td>1905</td>
<td>9,152</td>
<td>3,471</td>
<td>3,458</td>
<td>1,916</td>
</tr>
<tr>
<td>1906</td>
<td>10,100</td>
<td>()</td>
<td>4,368</td>
<td>3,060</td>
</tr>
<tr>
<td>1907</td>
<td>10,935</td>
<td>()</td>
<td>4,266</td>
<td>2,900</td>
</tr>
<tr>
<td>1908</td>
<td>9,133</td>
<td>()</td>
<td>()</td>
<td>()</td>
</tr>
<tr>
<td>1909</td>
<td>17,226</td>
<td>()</td>
<td>()</td>
<td>()</td>
</tr>
<tr>
<td>1910</td>
<td>16,373</td>
<td>6,960</td>
<td>()</td>
<td>()</td>
</tr>
<tr>
<td>1911</td>
<td>17,101</td>
<td>7,916</td>
<td>()</td>
<td>()</td>
</tr>
<tr>
<td>1912</td>
<td>18,845</td>
<td>9,382</td>
<td>6,900</td>
<td>5,708</td>
</tr>
<tr>
<td>1913</td>
<td>20,453</td>
<td>9,557</td>
<td>5,792</td>
<td>4,908</td>
</tr>
<tr>
<td>1914</td>
<td>20,368</td>
<td>13,279</td>
<td>6,881</td>
<td>5,273</td>
</tr>
<tr>
<td>1915</td>
<td>23,623</td>
<td>14,118</td>
<td>9,118</td>
<td>7,711</td>
</tr>
</tbody>
</table>

1 In addition to these figures the Eritrean statistics of the above years give imports from Assab (for 1888-1898 about 500,000 to 800,000 lire), and other imports free of duty, not otherwise explained. After 1887 this last item never exceeds 35,000 lire and disappears in the last four years. Imports of coin and gold bullion are recorded separately, reaching 4,527,000 in 1888 and 11,295,000 in 1896.
2 The total includes much foreign specie, e.g., in 1910-1912, 3,000,000-4,000,000 lire annually. The decrease of total imports in 1902 and years immediately following has been attributed to the progress toward self-sufficiency on the part of the colony; that of the early nineties to decreased military expenditure.
3 "Cottons" here includes all cottons, cotton yarns, and cotton goods made up, which are all included in the cotton item of the differential tariff.
4 No data available.

The break in the table between 1898 and 1899 is due to the changes in the methods of tabulating the statistics. The "imports from all countries" of 1899 and after include not only all that is comprised in the first two columns ("Imports paying duty" and "Imports from Italy") for the years preceding but coin and bullion as well. "Imports paying duty" and "Imports from all countries" include both imports for consumption and imports in transit for Abyssinia, but exclude imported goods warehoused at the ports and reexported by sea. 25

In the tariff history of Eritrea the outstanding changes of rates on foreign goods, and therefore the important changes in the differ-
entials, are the increases to 15 per cent on cottons and silks in 1894 and on mineral oils in 1899 and the increase to 20 per cent on sugar and sugar products in 1894. If a sudden increase in Italian importation had followed these tariff changes, the increase might be attributed to this raising of the barrier against the foreign product. That there was no such increase will be shown.

Oils, silks, and sugar.—The figures dealing with oils are unsatisfactory in that the manner of entering them differs from year to year, but they show at least that the imports of Italian mineral oils did not exceed 1,000 lire in round numbers in any of the years 1895–1899, and did not exceed 5,000 lire in 1900–1903, even though all oils other than olive oil age recorded together. In 1904 and 1905 imports from Italy of mineral oils other than kerosene were 5,000 and 8,000 lire, compared with imports from foreign countries of 18,000 and 15,000 lire. The total importation of mineral oils from 1896 on was usually well over 100,000 lire.

The increase in the duty on foreign silk in 1894 to 15 per cent, and its reduction in 1899 to 10 per cent and in 1900 to 8 per cent had no apparent effect on the importation of silks from Italy. For the 13 years beginning with 1892 the imports of Italian silks of all kinds were as follows, in thousands of lire: 13, 1, 2, 3, 4, 0, 1, 3, 11, 10, 1, 9, 19, the figures in italics representing the values imported in the years during the whole or part of which the higher differentials were in force. The imports of foreign silks usually exceeded 100,000 lire. Similar figures for wool and woolens are, in thousands of lire, 3, 2, 3, 3, 15, 4, 11, 10, 6, 13, 7, 5.

Imports of sugar from Italy in the years 1892–1898 were negligible, the maximum being 1,565 lire. In 1903–1905 there were none. In the intervening years, 1899–1902, beginning five years after the differential on sugar and sugar products had been increased to 20 per cent and continuing two years after it was reduced to 15 per cent, the figures were given only as including sirups and were, in thousands of lire, 50, 58, 68, 55—i. e., roughly one-sixth of the total imports, which were 337, 333, 328, and 315.

Cottons.—Cottons are much the most important of the articles imported into Eritrea, and on them the higher differential duty of 15 per cent put on in 1894 was reduced only to 10 per cent, instead of returning to 8 per cent, as in the case of silks and wool. How little these rate changes affected the importation of Italian cottons is seen in Table 6, page 394. It is obvious that the years 1894 and 1895 show no advantage gained by the merchants of the mother country, while 1896 is an exceptional year on account of the war with Abyssinia. The interruption of the big items of the regular foreign trade, only slightly offset by Italian increases, and the stimulus to imports of the kinds used by the troops are seen in the following figures for 1896 as compared with those of 1895 (in thousands of lire):

26 The rate on wool and woolens was increased to 15 per cent, going into effect on Apr. 4, 1899. It was put back to 8 per cent by decree of Mar. 23, 1900 (Erit. Man., Vol. IV, p. 645), going into effect immediately.
27 Decree of Apr. 8, 1896; ib., Vol. IV, p. 333.
28 The Eritrean figures through 1896 enter separately foreign products paying duty and Italian goods entering free. There is, therefore, no reason to distinguish imports made by the State. The military supplies landed at Gherar instead of Massowa, however, are not included.
Comparison may be made with the similarly short-lived increase in the total Italian imports for the year 1896. It was not until 1904 that the Italian trade in cottons increased in such a way as to cut into the foreign trade. For 1912 and 1913 the figures are (in thousands of lire):

<table>
<thead>
<tr>
<th>Cotton goods.</th>
<th>Foreign decreases</th>
<th>Italian increases</th>
<th>Foreign increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unbleached</td>
<td>3,529</td>
<td>3,881</td>
<td></td>
</tr>
<tr>
<td>Dyed</td>
<td>4,184</td>
<td>3,519</td>
<td></td>
</tr>
<tr>
<td>Raw cotton</td>
<td>1,529</td>
<td>1,227</td>
<td></td>
</tr>
<tr>
<td>Yarn</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewn goods</td>
<td>2,709</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bleached</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knit goods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oilcloth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cordage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embroidered</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muslin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printed</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Italians had attained before the war almost a monopoly of the trade in unbleached goods, and about two-thirds of the trade in the better grades of cottons.

The statistics available are not as satisfactory as might be desired, but they show with sufficient clearness that the trade in mineral oils, silks, woolens, sugar, and sugar products has not gone to the Italians even with the aid of the preferential tariff, and that the increases and decreases in the differential rates in 1894 and the following years produced no effect discoverable in the trade statistics. The more important trade in cottons likewise shows no effect from the higher differential of 1894-1899; but in this case other causes, aided no doubt by the continued differential duty of only 1 per cent on Italian as against that of 10 per cent on foreign cottons, have brought since 1904 the great bulk of this trade into the hands of the Italians.

**Effect of free entry to the Italian market.**—The effects of the free entry to the Italian market granted to certain Eritrean products in 1904 can not be shown very conclusively from the available figures.

When the exemptions from the Italian duties were granted, the exports from Eritrea consisted almost wholly of pearls, mother-of-pearl, coffee, and hides. Gums and resins appear in the Italian statistics for 1901, 1902, and 1904, to the values of 17,000, 25,000, and 37,000 lire, respectively. In gums alone of the articles on the free list was there an existing trade of substantial amount. In the years

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17 See p. 392 above.
18 Complete figures through 1915 are available for the imports of Italy from Eritrea as reported by the Italian customs, but the Eritrean figures showing what proportion of the total Eritrean exports went to foreign countries are not complete in the material available. The Eritrean figures for 1902-1904 show a total exportation to Italy of only 954,000 lire, while the Italian figures show imports from Eritrea of 5,550,000 lire. In later years the discrepancies between the two sets of figures are very much less.
1905-1908, inclusive, the importation of gums from Eritrea into Italy never reached one-half of the 37,000 lire of 1904, and apparently it was at no time more than a small part of the total exportation of Eritrea. But in 1909 the figure suddenly rises to 195,000 lire, and the Eritrean figures of 1912-1914 show that Italy was taking practically the whole exportation.

In addition to gums the only article on the Italian free list in which any previous trade appeared was medicinal herbs, including presumably kouso flowers and senna leaves. The usual total exportation under this head, indicated by a few figures for years before the war, was 1,000 to 4,000 lire, destined chiefly to Arabia. Of these herbs, importations into Italy of 1,000 lire or less are recorded for 1904, 1908, 1909, and 1913, and an item of 47,000 lire in 1915.

The articles on the exemption list in which there was no export trade in 1904 may be divided into two groups: (1) In barley, millet, dura, and bran no regular export trade has grown up, though in occasional years there has been an exportable surplus of all except dura—for instance, Italy imported barley from Eritrea in 1909 and in 1910 to the value of 94,000 lire and 18,000 lire, respectively, and bran in 1915 to the value of 18,000 lire. Heavy imports of dura into Eritrea are the rule. No exports of wood appear. (2) In wheat and cotton a considerable trade has developed. Wheat from Eritrea appeared suddenly in 1908 as an Italian import item of 451,000 lire; it rose in 1912 to 651,000 lire; after which it dropped to 19,000 lire in 1913, none in 1914, and 73,000 lire in 1915. But it appears from the Eritrean figures that this represented a decline in the exportation and not a diversion of the trade from Italy; indeed, in the last two years there was considerable importation—in 1914, two-thirds of it from Italy. The Eritrean figures also show that in 1908-1912 the exportation to Italy was somewhat greater than the 20,000 quintals admitted to Italy free. Roughly, the greater the surplus above 20,000 quintals the smaller was the proportion of the surplus which went to Italy.

In the same way cotton, though the first small quantities exported in 1905-6 went mostly to Egypt, appears to have been sent since 1907 exclusively, or almost exclusively, to Italy.

To conclude, it appears probable that the exemption of these various articles from the Italian duty has helped to divert the trade in gums to Italy and to establish wheat and cotton growing, of which practically the whole production was shipped before the war to Italy; but, in the absence of a careful study of comparative prices and tariffs in alternative markets, these conclusions can be put forward only as suggestions of probabilities. Evidently it has not sufficed to stimulate an exporting industry in other grains and wood, nor to divert the trade in medicinal herbs from Arabia. One of the monographs published by the Italian colonial ministry states that the law of 1904, by offering a secure and profitable market for wheat, intensified wheat cultivation on the part of Europeans and turned the natives from barley to wheat. But later the writer gives figures for oleaginous seeds or nuts, whose exportation developed more rapidly than that of wheat, and he pays a tribute to the Italian mer-

31 With a shortage of a few hundred quintals in 1911.
32 Monografie e Rapporti Coloniale, 1914, No. 19, La Mostra Coloniale di Genova, p. 194.
33 Practically the whole is flaxseed. Its exportation all but ceased during the war.
chants, who send the product almost entirely to Italy in spite of the
fact that the opposition of the olive interests has prevented the
granting of any exemption on this product. The trade in the seeds
of the palma dum, a raw material for button manufacture, admitted
free to the Italian market from all sources, before as well as after
1904, shows a like development.

A comparison of the figures in Tables 7 to 9, inclusive, shows that:
(1) the exportation of wheat to Italy manifested a tendency to be
limited to the 20,000 quintals which was granted free entry, but
when the production was large, dutiable wheat as well as free wheat
was exported to Italy; and (2) the limited free admission of Eritrean
wheat (that from all other sources being dutiable) was not a suffi-
cient stimulus to develop as great an external trade in wheat as
developed at the same time in oleaginous seeds and in the seeds of the
palma dum, of which the former has been continuously dutiable and
the latter continuously free on entry to Italy from all sources. Evi-
dently, therefore, caution is required in attributing the development
of wheat growing in Eritrea and its exportation to Italy solely or
mainly to the differential feature of the Italian tariff.

Table 7.—Export of wheat from Eritrea.
(Eritrean wheat up to 20,000 quintals entered Italy free 1904-1914, other wheat being dutiable.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (in thousands of lire)</th>
<th>Total (in thousands of quintals)</th>
<th>To Italy (in thousands of quintals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1908</td>
<td>365</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>1909</td>
<td>702</td>
<td>47</td>
<td>31</td>
</tr>
<tr>
<td>1910</td>
<td>395</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>1911</td>
<td>206</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>1912</td>
<td>294</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>1913</td>
<td>27</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 8.—Export of oleaginous seeds from Eritrea.
(Continuously dutiable in Italy.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>To Italy</th>
<th>Year</th>
<th>Total</th>
<th>To Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906</td>
<td>167</td>
<td></td>
<td>1910</td>
<td>309</td>
<td>164</td>
</tr>
<tr>
<td>1907</td>
<td>10</td>
<td></td>
<td>1911</td>
<td>688</td>
<td>513</td>
</tr>
<tr>
<td>1908</td>
<td>292</td>
<td>10</td>
<td>1912</td>
<td>977</td>
<td>946</td>
</tr>
<tr>
<td>1909</td>
<td>256</td>
<td></td>
<td>1913</td>
<td>1236</td>
<td>1236</td>
</tr>
</tbody>
</table>

Linseed constituted 233,000 out of this 236,000. In the three years following 1913 the export of linseed fell to 56,000, 40,000, and 2,000, respectively.

Table 9.—Export of seeds of the palma dum from Eritrea.
(Continuously free in Italy.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>To Italy</th>
<th>Year</th>
<th>Total</th>
<th>To Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906</td>
<td>(1)</td>
<td>(1)</td>
<td>1912</td>
<td>1,174</td>
<td>728</td>
</tr>
<tr>
<td>1907</td>
<td>107</td>
<td>166</td>
<td>1913</td>
<td>1,434</td>
<td>1,203</td>
</tr>
<tr>
<td>1908</td>
<td>533</td>
<td>519</td>
<td>1914</td>
<td>1,084</td>
<td>802</td>
</tr>
<tr>
<td>1909</td>
<td>173</td>
<td>144</td>
<td>1915</td>
<td>716</td>
<td>716</td>
</tr>
<tr>
<td>1910</td>
<td>1,000</td>
<td>836</td>
<td>1916</td>
<td>982</td>
<td>973</td>
</tr>
<tr>
<td>1911</td>
<td>1,207</td>
<td>799</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Not recorded separately.
ITALY.

SOMALIA.

SITUATION AND COMMERCE.

The colony of Somalia lies on the east coast of Africa, extending from just below the Equator northward, with British East Africa and Abyssinia to the west. It embraces the southern portion and a little more than one-half the area of Italian Somaliland.

Agriculture is carried on in the river valleys, but most of the land is adapted only to pastureage. The natives, for the most part nomadic herdsmen, weave some cloth and make baskets, but there is little foreign trade in the products of these industries. Cotton goods constitute nearly one-half of the total importation; sugar, coffee, tobacco, and flour are other important items. The chief articles of commerce and the share of Italy in the trade for the last year before the war are shown in Tables 10 to 12, inclusive.

Table 10.—Trade of Somalia, 1913–14.

[In thousands of lire.]

<table>
<thead>
<tr>
<th>Imports</th>
<th>Total</th>
<th>From Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton piece goods</td>
<td>2,865</td>
<td>2,547</td>
</tr>
<tr>
<td>Other cotton goods</td>
<td>594</td>
<td>30</td>
</tr>
<tr>
<td>Sugar</td>
<td>507</td>
<td>229</td>
</tr>
<tr>
<td>Coffee and coffee shells</td>
<td>394</td>
<td>1</td>
</tr>
<tr>
<td>Tobacco</td>
<td>208</td>
<td>1</td>
</tr>
<tr>
<td>Petroleum</td>
<td>181</td>
<td>2</td>
</tr>
<tr>
<td>Rice</td>
<td>170</td>
<td>3</td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>149</td>
<td>5</td>
</tr>
<tr>
<td>All other articles 1</td>
<td>1,566</td>
<td>393</td>
</tr>
<tr>
<td>Total</td>
<td>6,960</td>
<td>2,977</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exports</th>
<th>Total</th>
<th>To Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dried skins</td>
<td>1,067</td>
<td>3</td>
</tr>
<tr>
<td>Live stock</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Native butter</td>
<td>175</td>
<td>41</td>
</tr>
<tr>
<td>Cotton</td>
<td>87</td>
<td>1</td>
</tr>
<tr>
<td>Cotton cloth</td>
<td>72</td>
<td>1</td>
</tr>
<tr>
<td>All other articles 1</td>
<td>200</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>1,801</td>
<td>46</td>
</tr>
<tr>
<td>Total trade</td>
<td>8,762</td>
<td>3,022</td>
</tr>
</tbody>
</table>

1 Excluding specie and imports and exports on government account.
2 Or 42.8 per cent of total. 3 Or 2.6 per cent. 4 Or 34.5 per cent.

The effect of the war on the total value of the commerce of Somalia was not marked. As may be seen from Tables 11 and 12 the most noticeable feature of the totals is the increase in the value of exports in 1917. But great changes appear in single items; imports of cotton decreased in value from 3,464,000 lire in 1913–14 to 1,941,000 in 1917, and raw sugar from 523,000 to 178,000 lire, and these smaller values indicate still larger decreases in the quantities imported. The increase in the total exports in 1917 was due largely to the appearance of a new item, wool, valued at 484,000 lire and to increases in cattle hides and goat skins from 661,000 in 1913–14 to 1,083,000 lire in 1916 and to 1,659,000 in 1917. The effect of the war on the source of the imports and the destination of the exports was likewise marked. The
share of Italy in the imports steadily decreased and her share of the exports rapidly increased, so that instead of nearly one-half of the import trade, Italy came to have practically none of the import trade and two-thirds of the export trade. The import trade lost by Italy was taken largely by India, British East Africa, and Australia. While the published figures do not give the destination of the exports by items, there can be no doubt that—even before May 1, 1917, while the exportation of hides to other countries than Italy was still permitted—Italy was taking all or nearly all the hides, skins, and wool from Somalia as well as from her other colonies.

Tables 11 and 12 show the value of the total trade of Somalia and the share of this trade with Italy. Figures are included for the most important item of imports, cottons, and the most important item of exports, cattle hides. The figures for the goods imported free for the civil services of the government are not included in the imports from Italy nor in the totals, and these goods may not have come exclusively from Italy.

### Table 11.—Imports into Somalia.  
[In thousands of lire.]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>From Italy</td>
<td>Per cent from Italy</td>
</tr>
<tr>
<td>1912-13</td>
<td>6,085</td>
<td>2,422</td>
<td>40</td>
</tr>
<tr>
<td>1913-14</td>
<td>6,901</td>
<td>2,977</td>
<td>43</td>
</tr>
<tr>
<td>1914</td>
<td>5,835</td>
<td>1,737</td>
<td>31</td>
</tr>
<tr>
<td>1915</td>
<td>7,286</td>
<td>1,550</td>
<td>27</td>
</tr>
<tr>
<td>1916</td>
<td>6,065</td>
<td>331</td>
<td>6</td>
</tr>
</tbody>
</table>

2. Fiscal years ending June 30. The difference between the fiscal year 1913-14 and the calendar year 1914 shows the immediate effect of the outbreak of the war on the imports from Italy and on the trade in cottons.

### Table 12.—Exports from Somalia  
[In thousands of lire.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>To Italy</th>
<th>Per cent to Italy</th>
<th>Cattle hides</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912-13</td>
<td>2,093</td>
<td>14</td>
<td>1</td>
<td>735</td>
</tr>
<tr>
<td>1913-14</td>
<td>1,201</td>
<td>46</td>
<td>3</td>
<td>519</td>
</tr>
<tr>
<td>1914</td>
<td>1,391</td>
<td>112</td>
<td>7</td>
<td>533</td>
</tr>
<tr>
<td>1915</td>
<td>1,865</td>
<td>894</td>
<td>48</td>
<td>796</td>
</tr>
<tr>
<td>1916</td>
<td>2,614</td>
<td>745</td>
<td>29</td>
<td>856</td>
</tr>
<tr>
<td>1917</td>
<td>3,875</td>
<td>2,515</td>
<td>65</td>
<td>1,299</td>
</tr>
</tbody>
</table>


### Tariff History.

Under the administration of Zanzibar.—While the four ports of Somalia, known as Benadir, were still under the administration of

The increase in the Italian share of the exports of Somalia may not be so great as appears from the figures for the direct trade. Two-thirds of the exports formerly went through Aden, but in 1916 only 40 per cent., and in 1917 only 10 per cent., i.e., Italy may previously have obtained Somali products via Aden. Aden's share of the import trade of Somalia decreased during the war, but not greatly, so that both before the war and now the figures probably do not disclose Italy's full share of the trade. But as the Italians have made special efforts to develop direct trade with their colonies probably only a small part of the merchandise transshipped at Aden is for Somali Italy.

See p. 373.
Zanzibar, the import duties levied there were restricted by treaties. As early as 1833 the Sultan had agreed with the United States not to levy on imports duties higher than 5 percent ad valorem. This provision was modified by treaties of 1886 with Great Britain, Germany, and the United States to permit a rate of 25 per cent on liquor containing over 25 per cent of alcohol. The treaties with Germany and Great Britain limited the export duties also: the rate on ivory, rubber, and copal was restricted to 15 per cent, that on hides and various other articles to 10 per cent, that on tobacco to 25 per cent, and that on cloves to 30 per cent. Other rates were prescribed for other products. The ad valorem rate on goods not specified was to be not over 5 per cent. There were, in addition, a few specific rates—as, for example, horses, 10 M. T. thalers each; and camels, 2 M. T. thalers each.

Under Italian companies.—The Italian occupation of Somalia apparently began with the taking over of the port of Itala on March 14, 1891. Thereafter the coast was gradually occupied. The administration of the colony was intrusted at first to the "Italian Company for Somalia, V. Filonardi and C.," and in 1899–1905 to the Benadir Company. Customhouses were opened at the four Benadir ports which had formerly been leased from Zanzibar, namely, Brava, Merka, Mogadisho, and Warsheik, as well as at Giumbo, Itala, Langione, Torre, Mruti, and Dgelleb (Gelib Mare).

By a treaty of December 22, 1890, Italy, Germany, and Great Britain agreed to limit to 5 per cent all import duties in their possessions in the eastern zone of the Conventional Basin of the Congo.

This treaty went into effect in April, 1892, at the same time as the Brussels convention of 1890, and apparently remained in effect throughout the period of the administration of Somalia by commercial companies. These companies were bound to carry out Italy's international obligations. Further, by the terms of the lease of the four Benadir ports, "the obligations which are or could be imposed by adhesion to the general act of Berlin" were imposed upon the Italian company which signed the lease. The regulations promulgated on April 14, 1895, for the territory not leased from Zanzibar, and which had already been proclaimed in the four leased ports, levied 5 per cent on both imports and exports, except as otherwise specified. The only higher rate on imports was 25 per cent ad valorem on liquors containing over 20 per cent of alcohol. Export duties in excess of 5 per cent but not exceeding 15 per cent were levied on most of the principal products of the country.

36 The Sultan of Muscat, whose domains then included Zanzibar. The Sultan of Zanzibar definitely acknowledged this treaty after he had established his independence.
38 M. T.—Maria Theresa (thaler), approximately $0.50.
39 See note 36. The regulations accompanying the tariff of 1910 mention customhouses at the first six of those named and also at Gesira, and in the interior at Bardera, Lugh, Gelib (Gelib Juba), Kansuma, and Margherita. Som. Man., Vol. II, p. 333, Art. I. The regulations of 1911 do not mention the stations.
40 Brit. and For. State Papers, vol. 82, p. 81. Trattati e Convenzioni, vol. 12, p. 496. This treaty is listed in the Elenco degli Atti Internazionali . . . In vigore al 1 Gennario 1908, p. 81, under treaties with Germany, but it is omitted from the list of those in force with Great Britain. It provided for a conditional duty of 10 per cent on arms and munitions, and for the free importation of agricultural tools and machinery, and materials for the building and maintenance of ways of communication. As this treaty was subsidiary to that of Brussels, the limitation to 5 per cent did not apply to distilled liquors.
Under the Italian Government.—The Italian Government took over the administration of Somalia in 1905. Shortly afterwards a new tariff was decreed, containing both differential duties and import rates higher than 10 per cent. This tariff was set forth under 73 heads. Most of the articles were subject only to import or to export duties, but a few were subject to both. Import duties of 15 or 20 per cent were levied on iron bars and manufactured iron, arms, and munitions, salt, tea, spirits, and suaheli tobacco. Even higher rates were levied on other tobaccos and on nickel and copper money. Machines and their parts and pulse paid 5 per cent. Cottons, including yarns, were listed at 5 to 8 per cent. Other articles paid for the most part 10 per cent, which was also the rate on goods not enumerated. The duties were payable in gold. Payments made in Maria Theresa thalers or in nickel were subject to an increase of 3 to 5 per cent.

Under this tariff the articles appear in a single schedule with the same rates for goods of Italian as for goods of foreign origin. Thirteen items, however, have subheads “foreign” and “Italian,” so that the differential can not be overlooked. In the case of these thirteen items, the rates on Italian goods were, except for cottons and beads, just one-half those on the foreign goods. Bottled wines and vermouth had a specific rate and the other articles paid 5 or 10 per cent accordingly as they came from Italy or from foreign countries.

“Cotton textiles” of foreign origin paid 7 per cent; other cotton textiles called “Merican” and “Bofta” were scheduled for 6 per cent and 8 per cent respectively. These latter came only from foreign sources, and the duties were therefore also differential in so far as the goods competed with the cottons of Italian origin which paid only 5 per cent. On this point an extract from a decree of June 29, 1906, may be quoted:

Considering that the customs tariff in force in Somalia Italiana Meridionale is inspired by the principle of the concession of preferential rates (dazi di favore) for some of the dutiable national goods; considering that when the said tariff [that of Sept. 12, 1905] was compiled, national cotton textiles of the type Merican and Marduf were not specified, probably because no importation had as yet been made of them, considering that for some months the laudable initiative of certain merchants has begun to introduce upon this market some of the aforesaid textiles of national manufacture; and whereas it is suitable to facilitate, in so far as it may be done without grave injury to the finances of the colony, the penetration of this national product also into the different markets of Somalia Italiana Meridionale for the advantage that would result from the development of the trade with the mother country [the duty on these cottons, if of Italian manufacture and certified in the proper manner, was reduced from 6 per cent to 5 per cent].

This change was incorporated in the tariff of August 20, 1907, in which cottons were classified and given rates as follows: “Cotton textiles”—foreign 6 per cent, Italian 5 per cent; “Bofta,” 8 per cent; “various”—foreign 7 per cent, Italian 5 per cent.

The Governor, Comandante Cerrina, who signed this decree, feared (rightly) that the slight reduction would not be sufficient to enable Italy to compete with the quantity production and cheap

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43 The rates on beads were 10 and 15 per cent.
44 The surtax of 100 lire per hectoliter of spirits, pure, sweetened or perfumed, of 50° strength with an increase of 2 lire for each additional degree, was doubled when applied to foreign products. Art. 131 of the Regulations of Sept. 12, 1905. Som. Man., Vol. II, p. 267.
raw material of the United States, he regretted that fiscal reasons prevented greater preferences, and he looked forward to a time when by admitting her own cottons duty free Italy might completely conquer this market.

Two other changes in the differential duties appear in the customs statistics. From the figures for 1909-10 and 1910-11, it appears that goods not especially enumerated in the tariff (merci diversi) were paying only 5 per cent if of Italian production and 10 per cent otherwise. Likewise the figures for 1909-10 and 1911-12 show a differential duty on cement. Changes in the nondifferential rates are likewise few. Perhaps the most important was the reduction of the rate on salt from 20 per cent to 10 per cent.

A change, which on the face of it was only for administrative purposes, increased and may have been intended to increase certain of these differential duties. A decree of June 20, 1909, provided that thereafter goods not listed in the official tables of valuations, should pay duty on the invoice value plus 20 per cent, instead of plus 40 per cent which had been the rule for some years. Most of the articles enumerated in the tariff have valuations assigned to them, but those articles on which the duties are differential have for the most part no valuations assigned. But there are four exceptions to this rule. On flour, matches, corn, and wheat, and on Merican and Marduf cottons, the foreign articles have valuations assigned to them, and the Italian have not; so that the change of basis for the levying of the duty reduces the amount payable on the Italian goods by one-seventh, without affecting the amount collectible from the foreign goods.

**Export duties, 1905.**—Under the tariff law of 1905, duties were levied on all exports, the rates being specific on grain and animals and ad valorem on all other articles. Ambergris paid 20 per cent; tortoise shell, ivory, rhinoceros horns, and myrrh, 15 per cent; ostrich feathers, 8 per cent; gams, 6 per cent; native butter, pottery, oil of sesame, cotton, cotton textiles, and a few other articles paid 5 per cent, and practically everything else 10 per cent. The specific rate
on durra and maize. 1 Maria Theresa thaler per gisla 55 was equal to
20 or 25 per cent ad valorem, and the rates of 1½ to 7½ Maria Theresa
thalers each on animals were equivalent to rates of 12½ to 33 per cent
ad valorem, if the official valuations show the market prices; 56 while
the rates of 20 and 25 Maria Theresa thalers on horses and mules
were 40 and 60 per cent, respectively, of their valuations. The Comandante's report 57 complains that the heaviness of the export
duties restricted the trade, and he particularly mentions those on
cereals, animals, myrrh, and gum (which is of poor quality and on
which 6 per cent is almost prohibitive). Most of them were later
greatly reduced.

Present Tariff Rates.

The present tariff of Somalia appears in five schedules, there being
different schedules for imports from foreign countries, from Italy,
and from Eritrea; and separate schedules for exports to Italy and to
foreign countries. With few modifications, the rates are those of the
royal decree of August 12, 1911, which came into force on January 1,
1912. 58 They are given in extenso on pages 406–7 below, rearranged
into a single table of import duties and one of export duties in order
to exhibit the differential rates.

It will be observed that the rates on tobaccos 59 and on goods not
enumerated exceed the 10 per cent allowed by the additional act of
the Brussels conference of 1890 for the Congo free trade zone.

Increase of differential rates in 1911.—The differentials in favor of
Italian goods are greatest on the articles not enumerated and partic-
ularly on those not listed in either schedule. In fact more than one-
half the items in the schedule for imports from Italy have rates the
same as those on similar foreign articles. The preferences are for
the most part unenumerated and to that extent concealed.

It will be observed also by comparing the rates with those previ-
ously in force that every increase over the rates of 1905—on wine, on
machines and parts thereof, on cotton yarn and all cotton textiles
not mercerized, and on all articles not enumerated—falls only on the
foreign product, i.e., is used only to increase the differential. Fur-
thermore, every preference (with the single exception of the surtax
on spirits, found not in the tariff schedules but in the preliminary
provisions) previously granted was increased at this time. Thus on
cottons of all kinds (except those mixed with silk) the differential was
changed from 5 per cent on Italian, compared with 7 per cent on
foreign goods, to 3 per cent on Italian against 10 per cent on foreign
goods. The rate on Italian wines remained unchanged, but that on
foreign wines was made three times instead of twice as great; on
linen made up, and on flour, corn, and wheat the rate on Italian
products was reduced from 5 per cent to 1 per cent, the rate on the
foreign article remained at 10 per cent. The following articles on

55 The gisla is equivalent to approximately §1 hundred weight.
56 As the duties are specific and the valuations are merely for statistical purposes, there is no reason to
suppose that they greatly misrepresent the low values on this isolated coast. Cf. the market quotations
published in later years in the Bollettino di Informazioni of the Colonial Ministry: e.g., Vol. IV, No. 10-12,
according to which camels were selling in July, 1916, in the lower part of the Wedi Scoppil at prices from 25
ton rupees, and oxen from 12 to 40 rupees.
57 Ministero degli Affari Esteri, Benadir, p. 116. And see the official valuations in Som. Man., Vol. II,
pp. 388–387. The tariff of 1907 increased the duty on Benadir beans from 1 per cent to 1 Maria Theresa
thaler per gisla, equivalent to 15 per cent according to the official valuation. Bol. di legis., Vol. 25, p. 221.
59 The duties actually collected in 1914 were on leaf tobacco 15.5 per cent and on manufactured tobacco
41.2 per cent of the value imported.
which the preference was formerly not more than one-half of the rate on foreign goods were transferred to the list of articles not enumerated, where the duty is 1 per cent as compared with 15 per cent paid by similar foreign goods: Beads, matches, alimentary products, knit goods, silks, and cottons mixed with silk; and other goods on which there had been no preference were by the same transfer given the maximum differential: Tea, dry fish, mercury, spices, earthen and glass ware, mineral oil, and refined sugar. Other articles which have never been enumerated, but which are of some importance in the trade, are enameled ironware, Marzocchi lamps, candles, and two kinds of cloth called bit and abdallacan.60

Differentials in export duties.—In the export duties two points are striking—the reduction of most of the list to 1 per cent, and the according of a 5 per cent preference to Italy in the exportation of hides and skins. This is important, not because of any success that it has had in diverting the trade,61 but as showing the relative magnitude of the trade on which the Italians granted themselves this preference. Differentials on four items in the whole list do not look impressive, and three of these have no great importance, but hides and skins usually constitute about two-thirds of the total export.62 The export duty on hides and skins yields a considerable revenue and fear of the loss of this revenue prevented a greater reduction on exports to Italy. The striking increase in the export duty on oxen, in 1914, made that preference to Italy much the greatest in percentage of all the differentials. It would seem that the increases on goats, ewes, and cows must have been intended as a prohibition, a conclusion strengthened by the appearance in 1913 of a direct prohibition on the exportation of camels. The rates on dura and maize, which the Comandante termed excessive in 1907, were left unchanged.

Preference to products of Eritrea.—By the tariff of 1905, wheat from Eritrea was entitled to the same rate as wheat from Italy, namely, 5 per cent, as against 10 per cent levied on wheat of other origins. In 1911, Eritrean wheat, flour, corn, and salt shared the Italian preferential rate which was then made 1 per cent (except salt, 5 per cent) as against 10 per cent on the foreign product. In addition, coffee from Eritrea was given the special rate of 8 per cent, as against 10 per cent on foreign coffees, though that from Italy pays only 1 per cent.

No preference in Italy to products of Somalia.—No preference is given in Italy to products of Somalia. The only exception has been that a decree of February 11, 1917, exempted from import duty in Italy, for the duration of the war, hides and skins which had been tanned without the hair in the Italian colonies.

Italian imports from Somalia have not received the exemptions from the Italian duties made to certain products of Eritrea in 1904. If exemptions were granted on the same articles (the grant which the Government is empowered to make), the exporters of cotton and gums alone would in all probability benefit. The total exportation of cotton for the three years 1910–1913 was 174,000 lire, of which 10,000

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60 These are mentioned in Monografie, 1914, No. 14, p. 393, Italy being given as a source only in the case of the candles. The trade in these miscellaneous articles, i. e., those not enumerated on either list, is two to three hundred thousand lire annually.
61 See p. 411.
62 Martino, Tre Anni del mio Governo, p. 101, 139, 141. The fraction was three-fourths in 1911-12 and 1912-13. In 1917, in spite of the large increase in this item, the fraction decreased to less than one-half.
lire went to Italy in 1912–13, according to the figures of Somalia. For gums, the total was about 43,000 lire, Italy receiving 15,000 in 1912 and 1,000 in 1913, according to the Italian figures.63

**Import duties.**

<table>
<thead>
<tr>
<th>Tariff Nos.</th>
<th>Goods.</th>
<th>On goods of foreign origin.a</th>
<th>On goods of Italian origin.b</th>
<th>On goods from Tientsin.c</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Arms and ammunition......</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Manufactures of hides and skins......</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Tanned skins......</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Wood manufactures......</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Lumber......</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Empty bags......</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Mats......</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Sesame......</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Mollases......</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Chemical products for industrial use......</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Syrup for beverages......</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Beer......</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Cotton tissues, except those mixed with silk......</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Sugar......</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Coin......</td>
<td>Free.</td>
<td>Free.</td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Pure alcohol......</td>
<td>20%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Wine......</td>
<td>10%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Vermouth......</td>
<td>10%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Tobacco......</td>
<td>10%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Rice......</td>
<td>8%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Linen......</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Coffee......</td>
<td>10%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Flour......</td>
<td>10%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Corn......</td>
<td>10%</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

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a In the original these are given as separate schedules. They are here combined for convenience of reference.
b B (rupee) = 1/100 rupee; R (rupee)= $0.32; L (lira)= $0.193. (Pre war values.)
c In addition to the duties in the tariff schedules the tariff regulations provide for a surtax on spirits, pure, sweetened or perfumed. The rate of the surtax is 200 lire per hectoliter of 50° strength with an additional 4 lire per each degree above 50°. Denatured alcohol for industrial use is exempt, as are also fine liquors other than cognac, absinthe, and mastic, consumed ordinarily by Europeans and which sell for more than 3 lire per bottle. Italian products pay only half of this surtax. This was the only preferential duty existing in 1913 when the preference was not increased at that time.

d According to the agreement with the commercial company which governed Somalia in 1899-1905, the products of the country were to be subject on their importation into Italy to the same customs régime as those of Tientsin. But apparently there was no exportation of these articles to Italy.
ITALY.

Import duties—Continued.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Wood, barks, and scented resins</td>
<td>do</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Antiseptic wadding and absorbent cotton</td>
<td>do</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Dried or salted shark, and shark fins</td>
<td>do</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Soap</td>
<td>do</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Spices</td>
<td>do</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Articles not specially mentioned</td>
<td>do</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

1 All goods for which no rate is given in the column “On goods of Italian origin” are “articles not specially mentioned” for the purposes of that column and they pay a duty of 1 per cent when imported from Italy.

Export duties.

<table>
<thead>
<tr>
<th>Goods.</th>
<th>On goods going abroad.</th>
<th>On goods bound for Italy.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animals:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asses, male</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Asses, female</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Oxen</td>
<td>1 R. 20</td>
<td>1%</td>
</tr>
<tr>
<td>Camels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goats and ewes</td>
<td>1 R. 10</td>
<td></td>
</tr>
<tr>
<td>Horses</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Mules</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Cows</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Cows over 1 year old</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Cereals:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) “Dura”</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>(b) “Mehinda” (maize)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Vegetables, native beans</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Ambergris</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Lumber</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Dried hides or skins</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Native butter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linen, native thread, native cotton tissues, manufactures of wood, tanned hides and skins, manufactures of hides and skins, “tung” earthenware, mats, “magad” (potash salt),</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Ivory, rhinoceros horns, gazelle and similar horns, ostrich feathers, tortoise shell</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>crude wax, dried or salted shark, and shark fins</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Sesame oil, sesame seed, myrrh, orchil, spices, woods, barks, and scented resins</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Coins:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Gold</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>(b) Thalers</td>
<td>2%</td>
<td>Free</td>
</tr>
<tr>
<td>(c) Nickel</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>(d) Copper</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Articles not specially mentioned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gums</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Camel fat</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

1 R (rupee) = $0.32. The thaler is the Maria Theresia thaler of Austria coined with date 1780 for use in Abyssinia and neighboring parts of Africa and worth about 50 cents. A decree of June 16, 1911, ordained that the new silver rupees should have legal course from July 1, and that the thaler should cease to be legal tender on Jan. 1, 1912. After that date, debts contracted in thalers were to be paid at the rate of R. 1.3866 (≈ 2.34 lire) to the thaler. Som. Man., vol. III, p. 417; cf. Bol. di legis., vol. 25, p. 977.

2 Prohibited. The prohibition was imposed in 1913. Bol. di legis., 1913, p. 1071. The previous rate was, male camels 5 M. T., female 7 M. T. Som. Man., vol. III, pp. 495-506.

3 The gisha equals approximately 3½ hundredweight.
EFFECTS OF THE DIFFERENTIALS ON ITALIAN TRADE WITH SOMALIA.\(^{54}\)  

The tariff differentials granted in the period 1905–1909 had little effect in building up Italian trade with Somalia. No figures are available to show the amount of Italian trade before 1905, but the figures for 1910–11 show that at the end of the period in which these differentials were in force the imports from Italy amounted to only 4.3 per cent of the total. In 1905–6\(^{55}\) the importation from Italy was only 8,800 Maria Theresa thalers out of a total of 1,201,000 thalers. Wine and alimentary products were the chief items, and of these the Italians furnished the greater part. The figures for 1910–11 show that the Italian wines had displaced the foreign, that Italy supplied the mineral waters (on which the duty was not differential) and that in cotton goods and in goods not separately enumerated Italian trade had made a beginning as follows:

<table>
<thead>
<tr>
<th>Goods</th>
<th>Italian.</th>
<th>Foreign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cottons</td>
<td>Lire.</td>
<td>Lire.</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>46,922</td>
<td>1,367,014</td>
</tr>
<tr>
<td>Cottons—Canichi, banagar, schinder</td>
<td>(a)</td>
<td>(b)</td>
</tr>
<tr>
<td>Cottons, mercerized</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>Cottons mixed with silk</td>
<td>(e)</td>
<td>(f)</td>
</tr>
<tr>
<td>Knit goods</td>
<td>(g)</td>
<td>(h)</td>
</tr>
<tr>
<td>Matches</td>
<td>(i)</td>
<td>(j)</td>
</tr>
<tr>
<td>Alimentary products, pastes, conserves, etc</td>
<td>(k)</td>
<td>(l)</td>
</tr>
<tr>
<td>Linen made up</td>
<td>(m)</td>
<td>(n)</td>
</tr>
<tr>
<td>Flour (including Eritrean)</td>
<td>(o)</td>
<td>(p)</td>
</tr>
<tr>
<td>Corn or wheat</td>
<td>(q)</td>
<td>(r)</td>
</tr>
<tr>
<td>Wine in casks or demi-johns</td>
<td>(s)</td>
<td>(t)</td>
</tr>
<tr>
<td>Wines in bottles</td>
<td>(u)</td>
<td>(v)</td>
</tr>
<tr>
<td>Vermouth</td>
<td>(w)</td>
<td>(x)</td>
</tr>
<tr>
<td>Beads</td>
<td>(y)</td>
<td>(z)</td>
</tr>
<tr>
<td>Goods not enumerated</td>
<td>(a)</td>
<td>(b)</td>
</tr>
<tr>
<td>Coffee</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>Soap</td>
<td>(e)</td>
<td>(f)</td>
</tr>
<tr>
<td>Salted shark</td>
<td>(g)</td>
<td>(h)</td>
</tr>
<tr>
<td>Woods, barks, and resins</td>
<td>(i)</td>
<td>(j)</td>
</tr>
<tr>
<td>Absorbent cotton</td>
<td>(k)</td>
<td>(l)</td>
</tr>
<tr>
<td>Rice</td>
<td>(m)</td>
<td>(n)</td>
</tr>
<tr>
<td>Yarn</td>
<td>(o)</td>
<td>(p)</td>
</tr>
<tr>
<td>Dates</td>
<td>(q)</td>
<td>(r)</td>
</tr>
<tr>
<td>Iron, crude and wrought</td>
<td>(s)</td>
<td>(t)</td>
</tr>
<tr>
<td>Machines and parts</td>
<td>(u)</td>
<td>(v)</td>
</tr>
<tr>
<td>Salt</td>
<td>(w)</td>
<td>(x)</td>
</tr>
<tr>
<td>Natural mineral water, bottle</td>
<td>(y)</td>
<td>(z)</td>
</tr>
<tr>
<td>Fats, bottle</td>
<td>(a)</td>
<td>(b)</td>
</tr>
<tr>
<td>Beer, lager</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>Nickel coins</td>
<td>(e)</td>
<td>(f)</td>
</tr>
</tbody>
</table>

The item of mineral waters suggests that the differential duties may have been minor factors in the trade situation. The "laudable initiative of merchants" and the exhortations of the governor and others

\(^{54}\) The following table shows the changes made in the differential duties of Somalia (the smaller rate in each case is that on Italian goods, the larger that on foreign), those now in force appearing in the last column:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cottons—Canichi, banagar, schinder</td>
<td>6%–10%</td>
<td>5%–8%</td>
<td>(c)</td>
<td>3%–10%</td>
</tr>
<tr>
<td>Cottons—Merican, marduf, dauga</td>
<td>6%–6%</td>
<td>5%–6%</td>
<td>(d)</td>
<td>3%–10%</td>
</tr>
<tr>
<td>Cottons, mercerized</td>
<td>5%–10%</td>
<td>1%–10%</td>
<td>(e)</td>
<td>1%–10%</td>
</tr>
<tr>
<td>Cottons mixed with silk</td>
<td>5%–10%</td>
<td>1%–10%</td>
<td>(f)</td>
<td>1%–10%</td>
</tr>
<tr>
<td>Knit goods</td>
<td>3%–10%</td>
<td>1%–10%</td>
<td>(g)</td>
<td>1%–10%</td>
</tr>
<tr>
<td>Matches</td>
<td>2%–10%</td>
<td>1%–10%</td>
<td>(h)</td>
<td>1%–10%</td>
</tr>
<tr>
<td>Alimentary products, pastes, conserves, etc</td>
<td>1%–10%</td>
<td>1%–10%</td>
<td>(i)</td>
<td>1%–10%</td>
</tr>
<tr>
<td>Linen made up</td>
<td>1%–10%</td>
<td>1%–10%</td>
<td>(j)</td>
<td>1%–10%</td>
</tr>
<tr>
<td>Flour (including Eritrean)</td>
<td>6%–10%</td>
<td>3%–10%</td>
<td>(k)</td>
<td>3%–10%</td>
</tr>
<tr>
<td>Corn or wheat</td>
<td>5%–10%</td>
<td>3%–10%</td>
<td>(l)</td>
<td>3%–10%</td>
</tr>
<tr>
<td>Wine in casks or demi-johns</td>
<td>2%–10%</td>
<td>1%–10%</td>
<td>(m)</td>
<td>1%–10%</td>
</tr>
<tr>
<td>Beads</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(p)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Goods not enumerated</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(q)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Coffee</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(r)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Soap</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(s)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Salted shark</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(t)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Woods, barks, and resins</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(u)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Absorbent cotton</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(v)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Rice</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(w)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Yarn</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(x)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Dates</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(y)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Iron, crude and wrought</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(z)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Machines and parts</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(a)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Salt</td>
<td>10%–15%</td>
<td>10%–15%</td>
<td>(b)</td>
<td>10%–15%</td>
</tr>
<tr>
<td>Natural mineral water, bottle</td>
<td>B. 2–6</td>
<td>B. 10–15</td>
<td>(c)</td>
<td>B. 15–15</td>
</tr>
<tr>
<td>Fats, bottle</td>
<td>B. 2–15</td>
<td>B. 10–15</td>
<td>(d)</td>
<td>50%–Free</td>
</tr>
</tbody>
</table>

\(^{55}\) Valuation of Italian goods reduced one-seventh.

\(^{56}\) Goods not enumerated included in 1905 enameled iron, candles, lamps, certain sugars, etc., and in 1912 there was added to the previous list earthen and glassware, tea, mercery, dry fish, spices, and mineral oil (formerly dutiable without discrimination at rates not exceeding 10%), and those enumerated in the column above with the differential of 1%–15%.

\(^{56}\) The differentials of the tariff of September 12, 1905, were in operation through this whole year. The fiscal year begins July 1, but at that time the monsoons prevent trading on the Somali coast and trade is resumed in September.
to imitate the American packing and patterns may easily have been of greater importance.\(^6\) That the Italians were not satisfied with the results is obvious from the increases made in every preference in 1911 and from the extension of the list to include over twice as many articles as before.

**Differentials of 1911.**—The preferences granted in 1911 scored one very striking success—so striking that it may be seen even in the figures for the total imports of Somalia for the years 1908-1914, and for the Italian share of those imports.

**Somalian imports for the period 1908-1914.**

[In thousands of lire.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Imports</th>
<th>Imports from Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1908-9</td>
<td>2,896</td>
<td>237</td>
</tr>
<tr>
<td>1909-10</td>
<td>4,238</td>
<td>97</td>
</tr>
<tr>
<td>1910-11</td>
<td>4,299</td>
<td>186</td>
</tr>
<tr>
<td>1911-12</td>
<td>5,688</td>
<td>527</td>
</tr>
<tr>
<td>1912-13</td>
<td>6,961</td>
<td>2,433</td>
</tr>
<tr>
<td>1913-14</td>
<td>6,951</td>
<td>2,975</td>
</tr>
</tbody>
</table>

The great increase of Italian trade in the period 1912-1914 is accounted for almost entirely by the enormous jump in the exportation of cottons. The cottons called Bofta all came from foreign countries after 1911 as before, but cottons other than the Bofta variety now come from Italy in increased quantities, as the following table shows:

**Values of certain cottons imported into Somalia.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Merian and Marduf</th>
<th>Canichi, banagar, scialer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910-11</td>
<td>Lire. 38,762</td>
<td>Lire. 1,217,312</td>
</tr>
<tr>
<td>1911-12</td>
<td>2,054,166</td>
<td>692,614</td>
</tr>
<tr>
<td>1912-13</td>
<td>2,546,792</td>
<td>318,453</td>
</tr>
<tr>
<td>1913-14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 The preferences having been granted in the middle of this year, the figures are omitted.

Comparing the figures in the above tables, it will be seen that almost exactly 90 per cent of the increase in Somalian imports from Italy represented increased imports of cottons. One-half of the remaining 10 per cent was in foodstuffs, where the preference seems to have induced an increase of imports from Italy without decreasing those from foreign countries. This is shown in the following table:

\(^6\) See both reports of Governor Cerrina, cited on pp. 403 and 422; also, though of later date, the Monografia already cited, e. g., No. 14, 1914, p. 391; and Tittoni, op. cit., p. 291.
Examination of the various other imports on which the Italian product received a preference shows that the Italian trade increased in one or both of the fiscal years 1912–1914, in beer, manufactured iron, earthen and glassware, yarns, and soap; but the amounts involved were small, and the foreign trade in most of these cases increased absolutely to a much greater extent than the Italian. It is unsafe to conclude more than that the preference assisted the Italians to start a trade in these articles. The imports of wines and of mineral waters from Italy increased considerably after 1911, but the Italians already had almost a monopoly of the market, and the increased preferences of 1911 did not prevent the entry of small quantities of foreign products. In articles not enumerated the Italian trade of 1912–13 was of smaller value than that of 1909–10, and was a smaller fraction of the total than in 1910–11.

The figures show that Somalia has never imported in quantities of any consequence knit goods, linen made up, cotton mixed with silk, or mercerized cotton. All the other commodities mentioned in the list of preferences continue to be imported exclusively or almost exclusively from foreign sources. The figures show nothing conclusive concerning machinery; but it may be observed that Governor de Martino justified the duty of 5 per cent on ironware and machinery on the ground that such quantities as were required for the various industrial or landed concessions were admitted, and would continue to be admitted free so that the rate of duty was unimportant. He defended the retention of the duty of 3 per cent on Italian cottons by pointing out that a complete conquest of the market by free Italian cottons would cost the colony one-fourth of its customs revenue. (This would be about one-sixth of the colonial income from all sources other than the State subsidy.) To conclude, it can not be affirmed with certainty that the small preferences of the earlier years were responsible for particular developments in trade which took place after their imposition. The much larger preferences of 1911 had one striking consequence, a great gain to Italian trade in cotton goods. This was at the expense of American trade, for the success of the Italian in supplanting the foreign was confined to those varieties of cottons which came almost exclusively from the United States. The preference on cottons is among the smallest on the list and other factors than the tariff may have had an influence in the change; yet since nearly one-half of the total importation of cottons was in the hands of one Italian firm, as was pointed out by Comandante Cerrina in 1907, if this firm

<table>
<thead>
<tr>
<th>Year</th>
<th>From Italy</th>
<th>From foreign countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910-11</td>
<td>25,000</td>
<td>23,000</td>
</tr>
<tr>
<td>1912-13</td>
<td>124,000</td>
<td>32,000</td>
</tr>
<tr>
<td>1913-14</td>
<td>119,000</td>
<td>29,000</td>
</tr>
</tbody>
</table>

This refers to articles not enumerated in the trade returns, i. e., those articles not enumerated in the tariff as it stood before the changes of 1911.

found that the balance of conditions had turned even slightly in favor of Italian goods it could produce a very considerable shifting of the trade in a very short time. Italy lost this cotton trade during the war. The figures for the trade by articles are not available, but the figures for the total trade, given on page 400, show a rapid decrease of imports from Italy: in 1917 only 6.3 per cent of the total came from that country.

Preferences in export duties.—Up to the beginning of the war practically none of the exports of Somalia were recorded as having been shipped to Italy. Small quantities may have reached Italy via Aden; but the differential export duty constituted a premium upon the billing of hides and gums direct to Italy if that were the real market, and it is not likely that the exportation to Italy via Aden reached any considerable amount. In other words, the differentials introduced in 1911 in the export schedules of Somalia had diverted no trade to Italy before the war.

After Italy entered the World War, her demands took most of the hides of Somalia. The Italian figures for 1915 show an importation of 823,000 lire of cattle hides, and 10,000 lire of other hides. After May 1, 1917, the export of cattle, sheep, and goat skins from Somalia was prohibited unless the destination was Italy. Just before this time, hides and skins tanned in the colonies were exempted from the Italian import duty—but tanned hides constitute an insignificant part of the total export from Somalia. It is obvious that the circumstances and legislation of the war diverted the trade—at least temporarily—into new channels into which the differential export duty had shown little prospect of bringing it.

THE PROTECTORATES OF NORTHERN SOMALILAND.

The Protectorates of Northern Somaliland cover an area of over 65,000 square miles, but the population is small and the commerce insignificant. The foreign minister, Tommaso Tittoni, said in 1904: I do not anticipate any future for Italian Northern Somaliland, which consists in a great measure of unproductive sands. Piazza alone gives any figures, other than round number totals, for the trade of this region. He gives the total trade as 4,000,000 lire for Mijertina, and 3,000,000 for Obbia, and names the following exports, but cites no authority and names no particular year:

<table>
<thead>
<tr>
<th>Lire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incense</td>
</tr>
<tr>
<td>Gums</td>
</tr>
<tr>
<td>Cattle</td>
</tr>
<tr>
<td>Resin</td>
</tr>
<tr>
<td>Skins, ostrich feathers, mother-of-pearl</td>
</tr>
<tr>
<td>Myrrh</td>
</tr>
<tr>
<td>Ambergris</td>
</tr>
<tr>
<td>Salt</td>
</tr>
</tbody>
</table>

---

69 Ministero degli Affari Esteri, Il Benadir, p. 117. The firm was the Società Coloniale Italiana.
70 The trade statistics of Somalia show exports to Italy of less than 1,000 lire worth of gums in 1912–13 and about 3,000 lire worth hides in that and in the following year. The Italian figures show imports from Somalia of 15,000 lire worth of gums, in 1912 and 11,000 in 1913; and of hides in successive years, beginning with 1911, of 10,000, 19,000, 23,000, and 8,000 lire.
71 Governor's decree of Apr. 12, 1917, Bol. di legis., 1917, p. 497. These three kinds constitute about two-thirds to three-fourths of the total.
72 1b., 1917, p. 219. Decreto Inugofrenziiale, Feb. 11, 1917. The exemption was limited to the duration of the war, and to hides and skins tanned without the hair.
73 Tittoni, Italy's Foreign and Colonial Policy, p. 240.
74 Piazza, Giuseppe: Il Benadir, 1918, p. 192.
The suzerainty of Italy over the Protectorates of Northern Somalian was still purely nominal after 20 years of possession, and has made no great progress since. In 1913 Piazza wrote that no European had even penetrated the country except in the vicinity of Cape Guardafui, which forms the extreme northeast corner, and there only to a little distance. Italian writers give these Protectorates some attention in their historical chapters and thereafter as a rule scarcely mention them.

There are three of these Protectorates, namely, the Sultanate of the Mijertines, the Territory of Nogal, and the Sultanate of Obbia. The one to the north (Mijertina) was not clearly under Italian protection until 1901. In the treaty of 1901 the Sultan of the Mijertines and his chiefs agreed to raise the Italian flag, to protect commerce and wrecked property, and not to land a single cartridge without permission. Again, in 1910, a convention of chiefs was held at which Italian protection was recognized, and it was agreed that certain disputes should be referred to the Italians for settlement.

No mention is made in this treaty, nor in any of the discussions relating to the subject, of any tariff in Mijertina, but it may be assumed that some payment is made on the landing of goods.

The treaty of April 7, 1889, placed that portion of the Territory of Nogal, the ownership of which had been disputed by the Sultans of Obbia and the Mijertines, under Italian protection, but for those of his possessions which were left undisputed Sultan Osman Mahmud Jusuf promised only that he would make no treaties or contracts with other governments or persons, and that he would protect Italian subjects—i.e., it made the territory a sphere of interest rather than a protectorate. The Mullah, Sayed Mohammed, who was recognized as ruler of Nogal in 1905, agreed to suppress the trade in slaves and arms and to let the Italians settle his disputes with his neighbors, to maintain a resident with a guard, and to establish customhouses.

A residency was established in Obbia in 1909, and the Italian Government undertook to pay 2,400 Maria Theresa thalers per month toward the maintenance of a force of 600 askaris, armed and trained in the Italian manner. After the death of Sultan Jusuf Ali, a declaration was obtained from his son Ali Jusuf, renewing previous obligations, recognizing explicitly Italian jurisdiction over his armed forces and his quarrels. By this the Sultan undertook to establish no duties or taxes higher than 10 per cent on imports; none on exports, except 10 per cent on ostrich feathers, myrrh, gums, and horns, 1 rupee for each corgia of 20 sheepskins or goatskins, and one-fourth of a rupee on each oxhide or each corgia of digdig skins; and none other.

The obligations of these rulers in regard to imports of alcohol and of arms, and in regard to the slave trade, have been dealt with under the general section on treaties.

For the oversight of these Protectorates, there was created a special office, the Commissariato della Somalia Settentrionale. The

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17 The treaty was signed by the Sultan and 12 others.
18 Ibid., p. 53.
duties of this office were assigned to the consul at Aden, until legislation of April 5, 1908, placed the office under the governor of Somalia; since then they have had the attention of a separate commissario. For awhile this commissario resided alternately at Obbia and Aden, but since Obbia agreed to admit a resident, and since the wireless communications have been completed, this official has resided at Bender-Alula.

LIBIA.

SITUATION AND COMMERCE.

In area and in the character and number of the population, Libia is easily foremost among the Italian colonial possessions. It is, however, of so recent acquisition, and the conditions which have prevailed during the whole period of Italian possession have been so abnormal that no adequate estimate of its actual and potential importance can be based on the statistical returns at present available. The interior had not yet been fully pacified when the World War began. During the war most of the region was contested, and the Italians did not gain full possession until 1919. Under these circumstances trade, particularly in exports, suffered greatly, and the returns show that in recent years Libia has exported much less than Eritrea.

The caravan trade with the central Sudan and the Sahara formerly played a conspicuous part in the commerce of Libia. This had declined, however, before the Italian occupation, as a result of the earlier establishment of good government and the building of railways in Algeria, Senegal, Nigeria, and the Anglo-Egyptian Sudan, to which regions the trade was diverted. Military operations interrupted and for the time being terminated the caravan trade; but the Italians consider Libia the natural outlet for a great area of the Sudan and Sahara and believe that when railways are built to such points as Gadames, Ghat, and Tommo, a large part of this trade will be recovered.

The chief imports and exports of the two provinces and the Italian share of the trade are shown in Tables 13 to 16, inclusive. The year 1913 is perhaps the least abnormal of Libia's recent history, and 1917 is the latest year for which figures are available.

83 Anuario Statistico Italiano, 1914, p. 445. Bender-Alula is a former capital of Mijertina. Piazza, who devotes a separate chapter to the Protectorates, says that the plan was to put the commissario at Bareda.
84 For events in Libia up to the armistice, see the Peace Handbooks published by the British Foreign Office, No. 127, pp. 25-30.
85 The trade of Cirenaica with the oases in 1917 was: Imports, 1,808,000 lire; exports, 1,182,000 lire; total 3,990,000. One-half of the imports consisted of specie and scrap silver and over half of the exports of cotton textiles. Relazione sulla Situazione, 1918, p. 197. "It is certain that this (caravan) trade can never recover its former activity."—(Peace Handbook, No. 127, p. 53.)
86 But, e.g., sponge fishing off the coast of Cirenaica was entirely suspended, no licenses being granted for fishing, though better results are ordinarily obtained there than off the coast of Tripolitania. The trade figures of Cirenaica for 1917 indicate that sponge fishing was still suspended. Sponge fishing is largely in the hands of Greeks and Italians. See Daily Consular and Trade Reports, October-December, 1914, p. 290.
### Table 13.—Imports into Cirenaica.¹

[In thousands of lire.]

<table>
<thead>
<tr>
<th></th>
<th>1913</th>
<th></th>
<th>1917</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total.</td>
<td>From Italy.</td>
<td>Total.</td>
<td>From Italy.</td>
</tr>
<tr>
<td>Cereals, flours, etc.²</td>
<td>1,950</td>
<td>1,080</td>
<td>13,766</td>
<td>11,690</td>
</tr>
<tr>
<td>Spirits, beverages, essences, and oils.</td>
<td>1,681</td>
<td>1,148</td>
<td>4,240</td>
<td>3,031</td>
</tr>
<tr>
<td>Animal and fish products.</td>
<td>1,202</td>
<td>1,002</td>
<td>2,691</td>
<td>2,457</td>
</tr>
<tr>
<td>Colonial products and drugs.</td>
<td>1,190</td>
<td>159</td>
<td>2,867</td>
<td>2,351</td>
</tr>
<tr>
<td>Cotton yarn and textiles.</td>
<td>874</td>
<td>630</td>
<td>1,156</td>
<td>770</td>
</tr>
<tr>
<td>Wool and woolen manufactures.</td>
<td>321</td>
<td>112</td>
<td>145</td>
<td>90</td>
</tr>
<tr>
<td>Wood and wooden manufactures.</td>
<td>321</td>
<td>112</td>
<td>145</td>
<td>90</td>
</tr>
<tr>
<td>Paper, pasteboard, and rags.</td>
<td>190</td>
<td>141</td>
<td>59</td>
<td>53</td>
</tr>
<tr>
<td>Chemical products and explosives.</td>
<td>159</td>
<td>186</td>
<td>349</td>
<td>348</td>
</tr>
<tr>
<td>Leather goods.</td>
<td>151</td>
<td>90</td>
<td>161</td>
<td>145</td>
</tr>
<tr>
<td>Metals and metal manufactures.</td>
<td>161</td>
<td>126</td>
<td>326</td>
<td>310</td>
</tr>
<tr>
<td>Miscellaneous.</td>
<td>557</td>
<td>235</td>
<td>1,037</td>
<td>512</td>
</tr>
<tr>
<td>Total.</td>
<td>8,649</td>
<td>5,070</td>
<td>27,426</td>
<td>22,494</td>
</tr>
</tbody>
</table>

¹ Ministero delle Colonie, Bollettino di Informazioni. Vol. VI, No. 1.
² The classification used in 1912-1914 differs from that used in 1915-1917 so that the items for 1913 and 1917 are frequently comparable only in a rough way. For instance, the figures for 1913 include hair with wool; rushes, osiers, and musical instruments with wood; feathers with leather; and sugar with colonial products. These figures exclude specie, military and other government supplies, and the tobacco of the state monopoly.

### Table 14.—Exports from Cirenaica.¹

[In thousands of lire.]

<table>
<thead>
<tr>
<th></th>
<th>1913</th>
<th></th>
<th>1917</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total.</td>
<td>To Italy.</td>
<td>Total.</td>
<td>To Italy.</td>
</tr>
<tr>
<td>Wool, not washed.</td>
<td>602</td>
<td>246</td>
<td>859</td>
<td>859</td>
</tr>
<tr>
<td>Wool, washed.</td>
<td>28</td>
<td>2</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Woolen rags.</td>
<td>2</td>
<td></td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Other rags.</td>
<td>100</td>
<td></td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Woolen carpets.</td>
<td>230</td>
<td>188</td>
<td>75</td>
<td>38</td>
</tr>
<tr>
<td>Half carpets.</td>
<td></td>
<td></td>
<td>34</td>
<td>2</td>
</tr>
<tr>
<td>Cattle hides, dry.</td>
<td>93</td>
<td></td>
<td>378</td>
<td>378</td>
</tr>
<tr>
<td>Cattle hides, other.</td>
<td></td>
<td></td>
<td>130</td>
<td>130</td>
</tr>
<tr>
<td>Camel hides.</td>
<td></td>
<td></td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td>Horsehides.</td>
<td></td>
<td></td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Sheepskins.</td>
<td></td>
<td></td>
<td>65</td>
<td>32</td>
</tr>
<tr>
<td>Goatskins.</td>
<td></td>
<td></td>
<td>16</td>
<td>117</td>
</tr>
<tr>
<td>Other hides.</td>
<td></td>
<td></td>
<td>117</td>
<td>54</td>
</tr>
<tr>
<td>Horns and bones.</td>
<td></td>
<td></td>
<td>117</td>
<td>54</td>
</tr>
<tr>
<td>Native butter.</td>
<td></td>
<td></td>
<td>117</td>
<td>54</td>
</tr>
<tr>
<td>Scrap iron.</td>
<td></td>
<td></td>
<td>117</td>
<td>54</td>
</tr>
<tr>
<td>Scrap, other metals.</td>
<td></td>
<td></td>
<td>117</td>
<td>54</td>
</tr>
<tr>
<td>Miscellaneous.</td>
<td>63</td>
<td>29</td>
<td>196</td>
<td>82</td>
</tr>
<tr>
<td>Total.</td>
<td>1,173</td>
<td>511</td>
<td>2,248</td>
<td>1,908</td>
</tr>
</tbody>
</table>

¹ Ministero delle Colonie, Bollettino di Informazioni. Vol. VI, No. 1.
² Or 43.6 per cent.
³ Or 89.3 per cent.
ITALY.

Table 15.—Imports into Tripolitania.¹

<table>
<thead>
<tr>
<th>Imports</th>
<th>1913</th>
<th>1917</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>From Italy</td>
</tr>
<tr>
<td>Cereals, flours, etc.²</td>
<td>6,006</td>
<td>2,931</td>
</tr>
<tr>
<td>Spirits, beverages, essences, and oils</td>
<td>3,625</td>
<td>1,548</td>
</tr>
<tr>
<td>Animal and fish products</td>
<td>3,254</td>
<td>677</td>
</tr>
<tr>
<td>Metals and metal manufactures</td>
<td>3,283</td>
<td>757</td>
</tr>
<tr>
<td>Cotton yarns and textiles</td>
<td>1,221</td>
<td>221</td>
</tr>
<tr>
<td>Colonial products and drugs</td>
<td>2,946</td>
<td>23</td>
</tr>
<tr>
<td>Tanned hides or skins from the Sudan</td>
<td>1,111</td>
<td>451</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,383</td>
<td>916</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26,299</td>
<td>7,554</td>
</tr>
</tbody>
</table>

¹ Ministero delle Colonie, Bollettino di Informazioni. Vol. VI, No. 1.
² See footnote 2, Table 13.
³ Or 21.9 per cent.
⁴ Or 66.3 per cent.

Table 16.—Exports from Tripolitania.¹

<table>
<thead>
<tr>
<th>Exports</th>
<th>1913</th>
<th>1917</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>To Italy</td>
</tr>
<tr>
<td>Sheepskins</td>
<td>269</td>
<td>83</td>
</tr>
<tr>
<td>Goatskins</td>
<td>230</td>
<td>169</td>
</tr>
<tr>
<td>Cattle hides</td>
<td>122</td>
<td>49</td>
</tr>
<tr>
<td>Camel hides</td>
<td>112</td>
<td>49</td>
</tr>
<tr>
<td>Tanned hides or skins from the Sudan</td>
<td>112</td>
<td>49</td>
</tr>
<tr>
<td>Wool, washed</td>
<td>48</td>
<td>14</td>
</tr>
<tr>
<td>Wool, not washed</td>
<td>131</td>
<td>4</td>
</tr>
<tr>
<td>Hair</td>
<td>131</td>
<td>4</td>
</tr>
<tr>
<td>Native butter</td>
<td>262</td>
<td>4</td>
</tr>
<tr>
<td>Feathers</td>
<td>332</td>
<td>61</td>
</tr>
<tr>
<td>Raw sponges</td>
<td>554</td>
<td>26</td>
</tr>
<tr>
<td>Henna</td>
<td>350</td>
<td>1</td>
</tr>
<tr>
<td>Alla (esparto grass)</td>
<td>113</td>
<td>4</td>
</tr>
<tr>
<td>Dates</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Mixed textiles</td>
<td>24</td>
<td>61</td>
</tr>
<tr>
<td>Cotton textiles</td>
<td>234</td>
<td>61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,684</td>
<td>460</td>
</tr>
</tbody>
</table>

¹ Ministero delle Colonie, Bollettino di Informazioni. Vol. VI, No. 1.
² Or 12.5 per cent.
³ Or 73.9 per cent.

TARIFF HISTORY.

Italy's acquisition of Libia is of so recent a date that there is little to record as tariff history except the numerous prohibitions and restrictions which have resulted from the war. Without going into these in detail, it may be noted that as early as August 2, 1914, the governors of the two provinces were authorized to forbid the exportation by land or sea of goods of any kind; that many prohibitions appeared in the same month; that all goods whose export from Italy was forbidden came under a like prohibition in Tripolitania; that charcoal might not be exported even to Italy and the other colonies; nor the breadstuffs of Tripolitania even to Cirenaica; that special licenses were required in Italy for the exportation of many articles to the colonies; and, finally, that previous authorization was
required in the colony for the importation of anything from any foreign country.\footnote{47}

Omitting those tariff provisions which are still in force or apparently only suspended for military reasons, there are but three items to record. The earliest tariff provision promulgated (except a free-trade proclamation which was in force only a few weeks) was a prohibition of the exportation of animals, by decree of October 10, 1911.\footnote{48} This was modified in 1913 to allow the export of cattle and sheep from Cirenaica on payment of 1 per cent, and in 1915 this provision was extended to Tripolitania and the general prohibition was repealed.\footnote{49}

By decree of the governor, April 22, 1912, a specific duty (additional to the ad valorem duty fixed by decree of Dec. 10, 1911) was put on liquors, but the operation of this was suspended in August of the same year after protests by the powers. The duties were 30 to 60 lire per hectoliter or 60 centesimi per bottle on wine, and 7 lire per hectoliter or 10 centesimi per bottle on beer.\footnote{50}

By a royal decree of December 31, 1912,\footnote{51} sugar was to pay 15 lire per quintal in addition to the ad valorem duty. Italy was sending Libia no sugar and the increase was for purposes of revenue. Italy had already denounced the Brussels sugar convention, but this denunciation had not yet come into force. And after it came into force, the present differential duty was not imposed until more than a year had gone by.\footnote{52}

\textbf{RATES OF THE PRESENT LIBIAN TARIFF.}

The tariff in force in Libia, with the dates when the different provisions were decreed, and when they became effective if that was later, is as follows:

\begin{center}
\textit{Import duties.}
\end{center}

\begin{center}
\begin{tabular}{|l|l|l|}
\hline
Articles. & Date of decree and references. & From all sources. \\
\hline
Goods not enumerated. & a D. G. Dec. 10, 1911, Bol. d'legis., 1912, p. 473. & 11 \\
Barley & & 4 \\
Corn & & 4 \\
Rice & & 4 \\
Flour & & 4 \\
Allimentary pastes & & 4 \\
Dry fish & & 4 \\
Coffee & & 4 \\
Tea & & 4 \\
Kerosene & & 4 \\
\hline
\end{tabular}
\end{center}

\begin{footnotesize}
\footnote{47} D. G. = Governor's Decree; D. M. = Ministerial Decree; R. D. = Royal Decree; D. L. = Lieutenant's Decree, issued during the war by Thomas of Savoy, Duke of Genoa, in behalf of the King.
\footnote{49} Ib., 1912, p. 472.
\footnote{50} Ib., 1913, p. 526, May 8; 1916, p. 150, Dec. 12.
\footnote{51} B. I. d. D., 1912-13, No. 156.
\end{footnotesize}
### Import duties—Continued.

<table>
<thead>
<tr>
<th>Articles.</th>
<th>Date of decree and reference.</th>
<th>Of Italian origin.</th>
<th>Of foreign origin.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Duty (lire)</td>
<td>Duty (lire).</td>
</tr>
<tr>
<td>(Nov. 9). Ib., 1914. p. 967.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Articles subject to an ad valorem duty of 8 per cent, with additional specific duties:</td>
<td>R. D. Nov. 1, 1914</td>
<td>Free.</td>
<td>10.</td>
</tr>
<tr>
<td>Cotton yarns:</td>
<td></td>
<td>Free.</td>
<td>15.</td>
</tr>
<tr>
<td>(a) Unbleached.</td>
<td>100 kilos gross.</td>
<td>Free.</td>
<td>20.</td>
</tr>
<tr>
<td>(b) White.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(c) Dyed or mercerized.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(d) Sewing (cuciniti).</td>
<td>100 kilos.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>Cotton tissues:</td>
<td></td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(a) Unbleached.</td>
<td>100 kilos gross.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(b) White.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(c) Dyed or mercerized.</td>
<td>100 kilos.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(d) Printed.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(e) Dyed or printed for barracans.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>Articles of cotton, sewn or made up:</td>
<td></td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(a) Barracans.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(b) Others.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>Wooden vats:</td>
<td></td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(a) Unbleached.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(b) White or dyed.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>Tissues of carded or combed wool:</td>
<td></td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(a) For barracans.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>(b) Others.</td>
<td>do.</td>
<td>Free.</td>
<td>33.</td>
</tr>
<tr>
<td>Wooden fezzes.</td>
<td>each.</td>
<td>Free.</td>
<td>0.2.</td>
</tr>
<tr>
<td>Blankets, carpets, and sewn wooden goods.</td>
<td>100 kilos.</td>
<td>Free.</td>
<td>20.</td>
</tr>
<tr>
<td>Sugar, raw or refined.</td>
<td>do.</td>
<td>Free.</td>
<td>8.</td>
</tr>
</tbody>
</table>

1 Tariffs 8 per cent, which will be accorded only in respect to goods packed in receptacles of wood and of metal.
2 Barracans are the unsewn, toga-like outer coverings worn by the Arabs.

### Free list.

<table>
<thead>
<tr>
<th>Articles.</th>
<th>Date of decree and reference.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ostrich feathers, raw, for export.</td>
<td></td>
</tr>
<tr>
<td>Tanned goat skins for reexport.</td>
<td></td>
</tr>
<tr>
<td>Agricultural machinery and implements.</td>
<td></td>
</tr>
<tr>
<td>Pumps for irrigation.</td>
<td></td>
</tr>
<tr>
<td>Materials for drilling wells</td>
<td></td>
</tr>
<tr>
<td>Cereals for planting.</td>
<td></td>
</tr>
<tr>
<td>Seeds for forage and pasture crops.</td>
<td></td>
</tr>
<tr>
<td>Live plants, with some exceptions.</td>
<td></td>
</tr>
<tr>
<td>Chemical fertilizers.</td>
<td></td>
</tr>
<tr>
<td>Motors and their spare parts.</td>
<td></td>
</tr>
<tr>
<td>Machinery, etc., for stock raising, beekeeping, silk culture, and poultry raising.</td>
<td></td>
</tr>
<tr>
<td>Seeds in general.</td>
<td></td>
</tr>
<tr>
<td>Grass and shoots of plants, except of vines.</td>
<td></td>
</tr>
<tr>
<td>Organic fertilizers, except dung.</td>
<td></td>
</tr>
<tr>
<td>Fungicides, including sulphur and copper sulphate.</td>
<td></td>
</tr>
<tr>
<td>Stakes and canes for supporting plants.</td>
<td></td>
</tr>
<tr>
<td>Breeding animals, bees, silkworm eggs, etc.</td>
<td></td>
</tr>
<tr>
<td>By-products for stock feeding, including olivecake and beet cake.</td>
<td></td>
</tr>
<tr>
<td>Nets and implements for fishing (until 6 months after the war).</td>
<td></td>
</tr>
<tr>
<td>Books and other publications in the Italian language and printed in Italy.</td>
<td></td>
</tr>
<tr>
<td>All machinery, parts, and accessories required by industries engaged in working the natural products of Libya (for 10 years).</td>
<td></td>
</tr>
<tr>
<td>Cement.</td>
<td></td>
</tr>
<tr>
<td>Briquettes and coke.</td>
<td></td>
</tr>
<tr>
<td>Fuel oil.</td>
<td></td>
</tr>
<tr>
<td>All fertilizers.</td>
<td></td>
</tr>
<tr>
<td>Tanning materials.</td>
<td></td>
</tr>
</tbody>
</table>
Monopolies.

<table>
<thead>
<tr>
<th>Articles</th>
<th>Date of decree and reference.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco: Not over 2 kilograms may be imported for personal consumption at—</td>
<td></td>
</tr>
<tr>
<td>Salt: No export or import except by the State.</td>
<td>D. L. June 5, 1917. Ib., 1917, p. 575.</td>
</tr>
</tbody>
</table>

Prohibitions of importation.

<table>
<thead>
<tr>
<th>Articles</th>
<th>Date of decree and reference.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanical lighters</td>
<td>D. G. July 17, 1917. Bol. di legis., p. 850.</td>
</tr>
<tr>
<td>Arms and munitions</td>
<td>R. D. Mar. 21, 1912. Ib., p. 1109.</td>
</tr>
<tr>
<td>Plants and animals are subject to various sanitary inspections, conditions, and prohibitions.</td>
<td></td>
</tr>
</tbody>
</table>

Export duties.

<table>
<thead>
<tr>
<th>Articles</th>
<th>Date of decree and reference.</th>
<th>Duty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponges, unwashed</td>
<td></td>
<td>10 lire per quintal.</td>
</tr>
<tr>
<td>Horses</td>
<td>R. D. July 13, 1914. Ib., 1914, p. 478.</td>
<td>3 per cent.</td>
</tr>
<tr>
<td>Alfa (Tripolitania)</td>
<td>R. D. Jan. 8, 1914. Ib., p. 108.</td>
<td>4 per cent.</td>
</tr>
<tr>
<td>On the first 500 litre of value</td>
<td></td>
<td>5 per cent.</td>
</tr>
<tr>
<td>On the second 500 litre of value</td>
<td></td>
<td>7 per cent.</td>
</tr>
<tr>
<td>On the third 500 litre of value</td>
<td></td>
<td>9 per cent.</td>
</tr>
<tr>
<td>And so on up to</td>
<td></td>
<td>20 per cent.</td>
</tr>
</tbody>
</table>

1 Antiquities may be exported only with the authorization of the governor. (The phraseology of this decree is similar to that of the Italian law of June 20, 1906, except that that reads 5,000 lire instead of 500.)

In addition to the free list the customs regulations provide for the free admission of the effects of Government employees, travelers, colonists, theatrical companies, consuls, religious missions, etc. The agricultural tools and the personal effects of Italian or native peasants or laborers temporarily employed in the colony are likewise admitted free; so also are military supplies of Italian production or "nationalized" in Italy. 93

CONCEALED DIFFERENTIAL IN THE APPLICATION OF THE Tariff.

No open differentials appeared in the Libian tariff until the summer and autumn of 1914. 94 A concealed preference, however, had previously been in operation and has continued since the introduction of the differential duties. This preference consists in the undervaluation of Italian goods for the levying of the ad valorem duties. 95

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94 There are also open differentials in the anchorage dues, the rate on foreign steamships being 1 lire per ton while that on Italian vessels is only one-half that amount. Italian vessels may compound these dues for 1 litre per ton per year. Decree of June 29, 1913. Bol. di Informazioni, 1913, Vol. 1, p. 219.
95 These valuations are used also for the trade statistics; thus the values given in these statistics understate the amount of Italian trade.
A recent consular report speaks of it as applicable to goods imported in Italian vessels and it is clear that foreign goods which have paid duty in Italy share in the preference. The extent of this preference and the date of its origin can not be determined with precision from the available material; indeed, as the preference is not established by law, there is probably no uniformity in its application. A British consular report on the trade of Bengasi for the year 1913 states that in many cases the valuation of Italian goods was only 50 per cent of the invoice price.

**Effects.**—The effects of the openly differential rates and of the concealed preferential treatment of Italian goods can not be determined with accuracy, both because of the lack of the necessary statistics and because of the abnormal trade conditions which have existed during the whole period of the Italian occupation. As the available trade figures give values only and not quantities, they throw no light on the question of the undervaluation of Italian products; nor do the figures give separately all of the items on which there are open differentials. It is easy to see that the open differentials fall on a considerable fraction of the total imports, and that the rates of these differentials are by no means negligible. Cottons constitute some 5 to 10 per cent of the total imports; and woolens, sugar, and wines are important articles of trade. The differential on sugar comes to 1½ cents per pound and on cotton and woolen yarns and textiles to 1 to 4 cents a pound.

The figures show that the Italian share of the total imports increased in Tripolitania from 25 per cent in 1913 to 66 per cent in 1917; and in Cirenaica, from 59 per cent to 82 per cent. These figures by themselves show a striking growth of Italian trade, but in view of the abnormal times this growth can not be ascribed chiefly to differential rates. The imposition of the open differentials was almost coincident with the outbreak of the war, which soon resulted not only in cutting off from the Libian market German and Austrian goods, but also, because of export embargoes and lack of shipping, in hampering the trade of other countries. Italian shipping monopolized transportation. In Libya itself there were military operations on a considerable scale, and the economic life of Tripolitania was especially disturbed.

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96 Commerce Reports, Oct. 4, 1919.
97 Diplomatic and Consular Reports, No. 84. 1919, p. 4. Customs regulations quite commonly require that the invoice value be increased by the addition of freight and insurance.
98 The British consular report cited immediately above states that cottons constitute four-fifths of the imports of Bengasi, the most important port of Cirenaica. The published figures for 1913 make cottons only 10 per cent of the total. While the cotton trade of the province may be concentrated at Bengasi, the discrepancy suggests that the Italians were undervaluing their cottons more sharply than other products. Their particular interest in cottons is seen in the imposition of open differentials upon them, and in the special provisions made in 1917 for their transportation. A decree of Sept. 30, 1917 (Ministero delle Colonie, Bollettino Ufficiale, 1917, p. 708), authorized the navigation company Sicily to increase the war surcharge upon the freight rates of 1912 from the 100 per cent previously authorized to 200 per cent, except that the surcharge on the rate on cotton textiles was to remain at 25 per cent. This provision applied to transportation to and from Libya, Tunis, and Malta, and to the coasting trade of Libya.
99 E. g., in first half of 1915, entrances and clearances in the ports of Libia were: Italian steamers, 3,039,406 tons; Italian sailing vessels, 24,850 tons; foreign sailing vessels, 5,124 tons. Bol. di Informazioni, 1915, p. 543. But even in 1913 $2.5 per cent of the tonnage calling at Tripoli and Bengasi was Italian. Peace Handboook, No. 127, p. 44.
Again, the enormous excess of imports over exports, even greater in 1917 than in 1912, shows clearly that the situation is abnormal—the imports represent chiefly foreign investments, expenditures for public works, and military and other Government supplies rather than the exchange of commodities. Trade due to these factors is as a rule chiefly with the mother country. In the absence of detailed statistics of the trade and of precise information as to the activity of the armies and of other branches of the Government, and as to the extent of possible foreign competition during the war, it is impossible to state what proportion, if any, of this growth in Italian trade with Libia is to be ascribed to the differential treatment, open or concealed, of Italian trade.

PREFERENCES IN ITALY TO PRODUCTS OF LIBIA.

No general reduction in the Italian tariff has been accorded to products of Libia. On a single item only has the duty been removed. By a decree of February 11, 1917, tanned hides and skins from all the Italian colonies were to enter Italy free for the duration of the war. Those tanned in the Sudan and imported through Libia enjoyed the same favor. The trade figures for 1917 show that this exemption from duty did not divert these Sudanese products to Italy from other markets (chiefly the United States); Libia exports practically no other tanned hides and skins.

APPENDIX.

THE DODECANES.

Situation and commerce.—The Italians have no colonies outside of Africa, but some reference should be made to their administration of the group of islands, known as the Dodecanese, which lie in the eastern Aegean, off the coast of Asia Minor. After the war with Turkey in 1911-12, Italy remained in temporary occupation of the Dodecanese. By the Treaty of Sèvres, 1920, Greece was to acquire title to the islands with the exception of Rhodes; and, though no power has ratified the treaty, this provision has been put into effect.

<table>
<thead>
<tr>
<th>Trade</th>
<th>Tripolitania</th>
<th>Cirenaica</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1912</td>
<td>1917</td>
</tr>
<tr>
<td>Imports</td>
<td>£4,029,000</td>
<td>£27,782,000</td>
</tr>
</tbody>
</table>

1 There is no reason to suppose that exports from Libia are undervalued: hence the undervaluation of Italian imports, which form the greater part of the total given in the official figures, conceals the full extent of the excess of imports over exports. It also minimizes the proportion of the total trade which the Italians enter.

2 Military supplies ordered by the Government or sold to the Government before their arrival in Libia are not included in the commercial figures. The value of such supplies imported in 1912 was estimated by Italian journals at $31,000,000, i.e., more than twice the commercial imports of Tripolitania in that year. But great quantities of commercial imports also were for military purposes: e.g., the American consul estimated that more than half of the imports from the United States were directly traceable to military uses. He valued these imports at $400,000 to $610,000, though as they all came through Italy, Germany, etc., the United States did not appear in the official statistics as a source of imports. Daily Consular and Trade Reports, April-June, 1914, p. 1175; October-December, 1914, pp. 290, 297.
By the treaty Italy agreed further that if and when Great Britain ceded Cyprus to Greece, a plebiscite in Rhodes should determine whether that island also should be transferred to Greece.

Rhodes is the most important of the islands, with a population in 1917 of 36,500. Colymus and Cos have about 15,000 each; Syme, Scarpanto, Nisyros, and Leros from 4,000 to 7,000 each; and the largest of the others, Patmos, only 2,604. The population is almost entirely Greek except for 10,000 Moslems and Jews in the city of Rhodes and some Moslems in Cos. The total population is 100,000. No figures for trade are available.

The administration of these islands appears to be directed by the commander in chief of the corps of occupation; at least, all the decrees have been issued in his name.

Tariff history.—The tariff legislation for these islands for the first four years of the Italian occupation is conveniently summed up in the Bollettino di Legislazione for 1916, pages 339-343. From this it appears that the Italians have, in general, continued in force the Turkish rates of 11 per cent on imports and 1 per cent on all exports of products not made from materials which had paid the import duty. The only changes at first were that Turkish goods were classed as foreign, and that the rate on barley, corn, flour, and coal was reduced to 5 per cent. The general rate remains at 11 per cent, but many items have been given specific rates, and a number of exceptions and exemptions have been introduced.

Changes made since the establishment of the tariff of July 5, 1912, are as follows:

Eleven classes of jewelry and precious stones were given specific rates; e.g., 2 lire each on gold watches.

Wheat, flour, and bran were given specific rates, corresponding, for the first two, to the special rate of 5 per cent which had been given to them previously.

A few days later, specific rates were put on animals, on the basis of the 11 per cent rate, but the temporary exemption accorded to cattle, sheep, swine, and goats in August of the same year was still in force in 1916.

The free list includes common wood, fresh fish, eggs, milk, fertilizers, firewood, charcoal, periodicals and books, and a few others. The regulations in regard to temporary importations of raw sponges for reexport have been abolished in favor of the much simpler system of free entry.

The only exceptions to the general rule in regard to exports are that the rate on wheat, flour, and bran has been made specific, and exemption has been accorded to tanned skins, soaps, and oil of olive husks.

Since 1916, there have been very few changes in tariff rates. The rates on grano turco and on its flour were made specific, at one lira

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2 Taken May 5, 1912; the other 11 islands were occupied not long afterwards. La Libia negli Atti del Parlamento, pp. 1452, 1457.
5 Decree of July 5, 1912. On June 22, the rate on coal, firewood, and flour had been reduced to 5 per cent.
6 Decree of Mar. 16, 1914. These had also had special rates under the Turkish tariff.
7 Decree of Mar. 24, 1914.
8 Decrees of Apr. 5, Aug. 11, and Aug. 30, 1914.
9 Decrees of July 5, 1912; May 30 and Sept. 23, 1913, and Jan. 10 and Apr. 27, 1914. This last concerning wood was to aid the boat-building industry.
10 Decree of Aug. 5, 1914.
11 Decrees of July 5, 1912, Feb. 14 and June 20, 1914. These exemptions were temporary, but were still in force in 1916.
per quintal, in 1917 and 1918, respectively.\(^{12}\) From April 1, 1919, the duty on cereals, flours, semolina, and rice was suspended.\(^{13}\) By the same decree a statistical duty was levied on practically all imports and exports, at the rate of lira 0.10 on each animal or vehicle, on each ton of wine, coal, wood, stone, cement, scrap iron, etc., and on each quintal of other articles with a few exemptions.

The export trade was sharply restricted during the war, but by direct prohibition, not by tariff changes. By decree of May 20, 1915, the exportation of arms, foodstuffs, animals, fuel, and medicines was prohibited, and later decrees enlarged the list.\(^{14}\) Shipment to Italy or to the Italian colonies, however, was not considered exportation within the meaning of the prohibition.

The importation, exportation, sale, and possession of hashish was prohibited by decree of April 10, 1918.\(^{15}\) The only differential duty found in the Dodecanese consists in the provision which allowed tobacco free entry\(^{16}\) after the Italian Government monopoly in tobacco had been substituted for the Turkish. This regulation doubtless should be regarded as a fiscal rather than a tariff provision.

**Bibliography.**

[See also the general works listed on p. 835 and the texts of treaties listed on p. 834.]

**OFFICIAL WORKS.**


Contains a complete index of all the decrees, ordinances, laws, treaties, etc., concerning Somalia Italians from the beginning of the Italian possession, and the text of those adjudged to be of permanent interest. It closes with the decrees establishing the ministry of the colonies, Nov. 20, 1912.


A similar collection of documents for Eritrea. Each volume contains a chronological index, and volume eight is devoted to chronological, analytic, and alphabetic indexes.


Issued every month or two, with indexes for each number and for the year. Contains commercial treaties, tariffs, amendments and rulings concerning tariffs; also information on taxes on manufacturing, on state monopolies, and more general articles and statistics on prices, production, etc., not only for Italy but for all countries and colonies. Many of the treaties are in French.

Ministero degli Affari Esteri, continued by Ministero delle Colonie. Monografie e Rapporti Coloniali. Rome, 1912 and later, 2 volumes a year.

These monographs are largely on agriculture, botany, ethnology, etc., but a few relate to commerce.

Ufficio Centrale di Statistica. Annuario Statistico Italiano. Rome, annually [but only one issue between 1902 and 1911].

Contains a few statistics on the colonies, particularly on Eritrea.


This is a report of the Commandant, G. Cerrina Ferroni [sic, but elsewhere, Feroni], dated Aug. 31, 1907.


\(^{13}\) Decree of Feb. 28, Bol. dl legis., 1919, p. 190.


\(^{15}\) Ib., 1918, p. 348.

\(^{16}\) Decrees of May 22, 1912, and July 2, 1912.

Not official in publication, but a collection of documents or passages thereof. Contains the last-named document, together with the ministerial reports on the same subject to both Houses, the Senate committee report, and the debates. The third volume ends with Dec. 31, 1912; the first begins with 1881.


Contains all the references to Africa in the parliamentary debates, interpellations, etc. 969 pages.


An Italian Green Book consisting of a summary introduction of 25 pages and 250 pages of documents—treaties with the chiefs, the agreements of 1891 and 1894 with England, etc.


A French Yellow Book chiefly on the Berlin conference.


This contains the protocols and final act of the Berlin conference for the most part translated into English; also the correspondence between the delegates of the United States and the Secretary of State, and various other documents.


A volume of over 1,000 pages, containing the treaty with Turkey; the ordinance for the organization of the colonial ministry, Libyan ordinances no longer in force, etc.


A report submitted to Parliament by the minister of the colonies. It contains 120 large pages in addition to extensive appendices and numerous maps.


Occasionally gives figures for the commerce of the colonies.


Through 1906 this contains an appendix giving the statistics for the port of Massowa. Also it contains the statistics from the Italian customs for the trade between Italy and Eritrea and Somalia.


Contains figures and articles on the trade, finances, agriculture, peoples, etc., of the colonies.


This is the official bulletin of the colonial ministry and contains all decrees, etc., emanating from Rome and concerning any of the colonies.


The official bulletin of the Government.


COLONIAL TARIFF POLICIES.


An Italian Green Book.

Southard, A. E. Abyssinia, U. S. Special Consular Reports, No. 81, 1917.

UNOFFICIAL WORKS.


A scholarly work discussing not only the consultative bodies but the whole scheme of government.


Racioppi, F., and Brunelli, I. Commento allo Statuto del Regno. Turin, 1909. 3 vol.


An illustrated lecture delivered by the governor of the Colony.


Contains a chapter on the Northern Protectorates, pp. 109–195.

Brumianti, Attilio. Le Colonie degli Italiani. Turin, 1897.

Brumianti and Catellani give more history of the early colonial period than do other works—much more detailed than anything available in English, but neither discusses the tariff policy.

Atti del Congresso Coloniale Italiano in Asmara, 1905.


Brusa, E. Das Staatsrecht des Königreichs Italien. Freiburg i. B., 1892.

This is vol. 4, part 1, of Marquardsen's Handbuch des Öffentlichen Rechts. Brusa was professor at the University of Turin, and his work contains much material on the early colonial history.


A small volume with 40 pages of constitutional argument, 30 pages of colonial history, and 120 pages of documents.


A collection in two volumes of the monthly comment on national and international politics which appeared in the Giornale degli Economisti. As in most Italian works, there is no index; but the analytical table of contents is better than appears in most works.


Contains the texts of the treaties of the three powers with each other and with Abyssinia.


Has an appendix on colonial tariffs.


Chapter VII.

COLONIAL TARIFF POLICY OF JAPAN.

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The conventional tariff provisions, 1911 and after

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Japan's tariff policy

Colonial tariff policy—assimilation

Trade restrictions upon assimilation of :

(a) Korea

(b) Kwantung and Kiaochow

IV. Tariffs in force in the dependencies and the Leased Territories individually:

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Korea—Treaty tariff of 1883

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I. Introduction.

THE JAPANESE EMPIRE.

At the time of the Restoration and the beginning of the Meiji era (1868) the area of the Japanese Empire was about 140,000 square miles. In the course of 40 years thereafter, entirely within the reign of the late Emperor Mutsuhito, Japan's statesmen succeeded in bringing under the rule of their Emperor additional territories totaling no less than 119,000 square miles, making an increase of 85 per cent in the national territory. This process of empire building began with the assimilation of a large number of small outlying islands. The Kurile Islands were secured in 1874; the Bonin Islands were incorporated as a part of Japan in 1876; the Loochoo Islands in 1879. The Pescadores were occupied by Japanese forces during
the war with China (1894-95), and at the conclusion of the war Formosa and the Pescadores were ceded by China. Säghalin was occupied during the Russo-Japanese War and the portion south of the fiftieth parallel was ceded by Russia in the Portsmouth treaty in 1905. In 1910, by treaty with the Emperor of Korea, Japan acquired legal title to sovereignty over the former Korean Empire. The area of the Japanese dominions totals no less than 260,738 square miles.

In addition to these definitive acquisitions of territory, Japan acquired by the treaty of Portsmouth succession to all Russian rights in the Kwantung Leased Territory in South Manchuria, together with railway and other rights extending as far north as Changchun. Russia had acquired in 1898, by lease from China, for a period of 25 years, administrative rights in Kwantung, and by agreements and unchallenged interpretation thereof had assumed administration of a narrow "zone" along the railway line. These rights Japan took over in 1905, and in 1915 she secured from China extensions of the Kwantung lease and of the railway rights, together with further rights in Manchuria.

The Peace Conference transferred to Japan all former German rights over, in, and in respect to the Leased Territory of Kiaochow in the Province of Shantung, China. The German lease of this territory was for a period of 99 years, dating from 1898. The Japanese Government has announced its intention to restore this territory to China on condition that "the whole of Kiaochow Bay be opened as a commercial port and the Japanese Government be allowed to hold a 'concession' under exclusive Japanese jurisdiction" on the bay.

Of the above-mentioned regions which have been brought under Japanese control during the past 50 years most of the outlying islands have been incorporated into the national system, so that they are treated administratively as integral parts of Japan. It remains to be seen what status and treatment will be accorded to the former German islands. In many respects Formosa (with the Pescadores) and Japanese Säghalin are treated as parts of Japan rather than as colonies. They have, however, no direct representation in the Japanese Diet, and their administration is that of dependencies. The Kwantung Leased Territory, though it remains technically Chinese soil, is administered by the Japanese, within the limitations of treaty provisions, as though it were a colony. The Kiaochow Leased Territory, likewise subject to certain treaty restrictions, has been administered, since the fall of Tsingtao in 1914, as though it were Japanese territory. But Japan has declared her intention to restore this region to China.

The following table shows the extent, population (census of October, 1920), and classification of the territories under Japanese administration:

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2 Treaty of Shimomoseki, 1895.
3 Open-door agreements and treaties and conventions between Russia and China and between Japan and China. See p. 440.
Table 1.—Area and population of Japan, Japanese dependencies, and regions under Japanese administration.

<table>
<thead>
<tr>
<th>Dependencies</th>
<th>Area</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>148,756 square miles</td>
<td>55,961,000</td>
</tr>
<tr>
<td>Honshu</td>
<td>87,426</td>
<td>7,093</td>
</tr>
<tr>
<td>Shikoku</td>
<td>13,703</td>
<td>30,503</td>
</tr>
<tr>
<td>Kyushu</td>
<td>6,068</td>
<td>27</td>
</tr>
<tr>
<td>Formosa (Taiwan)</td>
<td>13,944</td>
<td>13,654,000</td>
</tr>
<tr>
<td>Pescadores (Hokoto)</td>
<td>13,233</td>
<td>106,000</td>
</tr>
<tr>
<td>Japanese Sakhalin (Karafuto)</td>
<td>3,473</td>
<td>973,000</td>
</tr>
<tr>
<td>Korea (Chosen)</td>
<td>84,738</td>
<td>17,284,000</td>
</tr>
<tr>
<td>Leased Territories (Chinese):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kwantung</td>
<td>1,300</td>
<td>573,000</td>
</tr>
<tr>
<td>Kiaochow</td>
<td>200</td>
<td>227,000</td>
</tr>
</tbody>
</table>

1 Formosa contains also about 83,000 savages not yet brought under control. 2 1917. 3 Estimated.

Colonial Dependencies and Leased Territories.

It will be seen from the above classification of territories under Japanese administration that it is not possible to speak comprehensively or with precision of Japan’s “colonies.” On the basis of administrative distinctions, Formosa, Japanese Sakhalin, and Korea may properly be classed as “colonial dependencies.” An examination of Japan’s colonial policy requires attention to these three, and to the Kwantung and the Kiaochow Leased Territories.

Situation and Commercial Importance.

Formosa (Taiwan).—Formosa was formerly Chinese territory. The island lies off the China coast, at a distance of about 100 miles, opposite the Province of Fukien, and a little to the west of a direct line from Japan to the Philippines. It is not far north of the island of Luzon, and is within easy sailing distance of the important ports of South China and of Hongkong. It lies astride the Tropic of Cancer, and its climate on the whole is tropical. The Pescadores are situated in the straits between Formosa and the China coast; their chief importance is strategic. Formosa has an area of 13,944 square miles; the Pescadores, 47 square miles. The population of Formosa is 3,650,000, of whom 3,395,605 are natives (mostly of Chinese stock), 86,470 aborigines, 145,232 Japanese, and 19,213 "foreigners."

Formosa is perhaps best known commercially in connection with its production of camphor. Its richest resource, however, is sugar cane, which has in some years contributed more than 50 per cent of its export trade. Most of the sugar goes to Japan for refining or consumption. In the export trade to foreign countries, the most important item is tea. Other important products are copper, coal, hemp, rice, salt, alcohol, and hides. Items conspicuous in the import trade in recent years have been as follows:

4 Japan Year Book, 1919-20, p. 723.

185766°—22—28
### Table 2.—Imports into Formosa.1

[In thousands of dollars.]

<table>
<thead>
<tr>
<th>Article</th>
<th>1913</th>
<th>1918</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fertilizers</td>
<td>$1,726</td>
<td>$5,111</td>
<td>$8,338</td>
</tr>
<tr>
<td>Sugar</td>
<td>771</td>
<td>915</td>
<td>7,194</td>
</tr>
<tr>
<td>Rice</td>
<td>1,535</td>
<td>3,647</td>
<td>4,341</td>
</tr>
<tr>
<td>Cotton cloth</td>
<td>2,013</td>
<td>3,319</td>
<td>4,134</td>
</tr>
<tr>
<td>Fish, dried or salted</td>
<td>2,038</td>
<td>1,917</td>
<td>3,351</td>
</tr>
<tr>
<td>Opium</td>
<td>1,879</td>
<td>2,270</td>
<td>3,205</td>
</tr>
<tr>
<td>Lumber</td>
<td>1,194</td>
<td>1,614</td>
<td>2,791</td>
</tr>
<tr>
<td>Iron bars, rods, etc.</td>
<td>921</td>
<td>3,015</td>
<td>2,473</td>
</tr>
<tr>
<td>Flour, wheat</td>
<td>537</td>
<td>1,174</td>
<td>1,707</td>
</tr>
<tr>
<td>Petroleum</td>
<td>593</td>
<td>1,223</td>
<td>1,672</td>
</tr>
<tr>
<td>Sake</td>
<td>760</td>
<td>818</td>
<td>1,552</td>
</tr>
<tr>
<td>Sugar machinery and parts</td>
<td>31</td>
<td>1,286</td>
<td>1,106</td>
</tr>
<tr>
<td>Matches</td>
<td>227</td>
<td>1,119</td>
<td>1,496</td>
</tr>
<tr>
<td>Railway construction materials, including ties</td>
<td>285</td>
<td>1,555</td>
<td>1,331</td>
</tr>
<tr>
<td>Paper</td>
<td>394</td>
<td>1,158</td>
<td>1,259</td>
</tr>
<tr>
<td>Beans</td>
<td>770</td>
<td>830</td>
<td>1,117</td>
</tr>
<tr>
<td>Tobacco, leaf</td>
<td>365</td>
<td>772</td>
<td>871</td>
</tr>
<tr>
<td>Beer, bottled</td>
<td>323</td>
<td>615</td>
<td>788</td>
</tr>
<tr>
<td>Tobacco, manufactured</td>
<td>253</td>
<td>304</td>
<td>688</td>
</tr>
<tr>
<td>Railway cars and parts thereof</td>
<td>367</td>
<td>474</td>
<td>593</td>
</tr>
<tr>
<td>All other</td>
<td>1,382</td>
<td>18,327</td>
<td>25,040</td>
</tr>
<tr>
<td>Total</td>
<td>30,308</td>
<td>51,953</td>
<td>77,121</td>
</tr>
</tbody>
</table>

1 Note that the figures of this table, taken from Supplement to Commerce Reports No. 54d, Dec. 22, 1920, are in thousands of dollars and not of yen.

The trade both in exports and in imports is largely with Japan.5

**Saghalin (Karafuto).**—Karafuto, the Japanese portion of the island of Saghalin, lies directly north of Japan, being separated from the island of Hokkaido (Yezo) by the Soya Strait, and is parallel to and not far distant from the coast of Russian East Siberia. The northern half of the island is Russian, and the boundary is drawn on the fiftieth parallel of latitude. With an area of 13,253 square miles, Japanese Saghalin has a population which varies with the seasons, reaching in the summer about 77,000, including Japanese. Obviously its commerce is not of much consequence. The most important resource is the herring fishery. The island possesses large forests of larch and fir trees, and there are important coal measures, alluvial gold, iron pyrites, and oil. The Japanese have been promoting farming and stock breeding.

**Korea (Chosen).**—Korea is important politically, economically, and strategically. China, Russia, Japan, and the Korean people themselves have contended for dominance of this extensive peninsula. Korea extends from the vicinity of Vladivostok on the north to the latitude of Shimonoseki on the south; it lies between the Japan Sea and Japan on the east and the Yellow Sea and Manchuria, Chili and Shantung Provinces, in China, on the west. It has a long frontier contiguous to Manchuria, and is on the natural highway between Japan and Mongolia and central Siberia. With an area of 84,000 square miles, it is nearly as large as the main island (Honshu) of Japan proper. The population is 21,000,000, of whom over 320,000 (1916 figure) are Japanese,6 and some 20,000 are Chinese.

Korea is an agricultural country, but the methods of cultivation are backward. The chief crops are rice, wheat, and other grains,

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5 See below, p. 431.
6 The Japanese immigration has occurred chiefly since 1905.
beans, tobacco, and cotton. Gold mining is carried on in certain regions, and copper, iron, coal, graphite, and mica are present in considerable quantities.

Trade is conducted at nine open ports, three substports, and at one port open only to Japanese vessels.

The principal exports are rice, beans, gold, copper, hides, and cattle; the principal imports, cotton goods, cotton yarn, machinery, kerosene oil, timber, coal, paper, sugar, grains, and cloth. The trade is largely with Japan.

The values of the principal articles in the export and import trade of Korea for recent years are as follows:

<table>
<thead>
<tr>
<th>Article</th>
<th>1906</th>
<th>1907</th>
<th>1908</th>
<th>1909</th>
<th>1910</th>
<th>1911</th>
<th>1912</th>
<th>1913</th>
<th>1914</th>
<th>1915</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPORLS.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beans and peas</td>
<td>3,510</td>
<td>3,881</td>
<td>3,370</td>
<td>3,518</td>
<td>5,726</td>
<td>4,630</td>
<td>5,215</td>
<td>5,718</td>
<td>4,161</td>
<td>5,323</td>
</tr>
<tr>
<td>Rice</td>
<td>1,993</td>
<td>4,558</td>
<td>6,484</td>
<td>5,530</td>
<td>6,277</td>
<td>5,263</td>
<td>7,324</td>
<td>14,491</td>
<td>7,098</td>
<td>24,516</td>
</tr>
<tr>
<td>Live stock</td>
<td>511</td>
<td>775</td>
<td>717</td>
<td>428</td>
<td>634</td>
<td>703</td>
<td>207</td>
<td>211</td>
<td>403</td>
<td>385</td>
</tr>
<tr>
<td>Cow hides</td>
<td>653</td>
<td>676</td>
<td>518</td>
<td>815</td>
<td>1,094</td>
<td>1,048</td>
<td>1,032</td>
<td>1,267</td>
<td>1,597</td>
<td>3,528</td>
</tr>
<tr>
<td>Fish and fish manure</td>
<td>23</td>
<td>245</td>
<td>238</td>
<td>260</td>
<td>317</td>
<td>147</td>
<td>252</td>
<td>690</td>
<td>688</td>
<td>395</td>
</tr>
<tr>
<td>Beans and barley</td>
<td>201</td>
<td>456</td>
<td>166</td>
<td>741</td>
<td>361</td>
<td>59</td>
<td>92</td>
<td>217</td>
<td>294</td>
<td>145</td>
</tr>
<tr>
<td>Ginseng</td>
<td>1,190</td>
<td>610</td>
<td>103</td>
<td>273</td>
<td>304</td>
<td>435</td>
<td>924</td>
<td>1,107</td>
<td>1,457</td>
<td></td>
</tr>
<tr>
<td>Cotton</td>
<td>2,201</td>
<td>2,148</td>
<td>2,517</td>
<td>3,842</td>
<td>5,115</td>
<td>6,093</td>
<td>5,937</td>
<td>6,866</td>
<td>15,571</td>
<td>12,333</td>
</tr>
<tr>
<td>Total</td>
<td>8,902</td>
<td>17,002</td>
<td>14,113</td>
<td>16,248</td>
<td>19,913</td>
<td>18,856</td>
<td>20,985</td>
<td>30,878</td>
<td>34,388</td>
<td>49,492</td>
</tr>
<tr>
<td>IMPORTS.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheeting and shirtings</td>
<td>2,968</td>
<td>6,124</td>
<td>5,914</td>
<td>5,066</td>
<td>6,163</td>
<td>7,553</td>
<td>9,066</td>
<td>7,849</td>
<td>7,636</td>
<td>8,350</td>
</tr>
<tr>
<td>Cotton piece goods (Japanese)</td>
<td>1,332</td>
<td>1,629</td>
<td>1,625</td>
<td>1,312</td>
<td>1,683</td>
<td>2,173</td>
<td>2,565</td>
<td>2,344</td>
<td>1,983</td>
<td>1,941</td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>1,503</td>
<td>2,670</td>
<td>2,623</td>
<td>2,555</td>
<td>1,801</td>
<td>2,123</td>
<td>2,333</td>
<td>1,866</td>
<td>2,099</td>
<td>2,435</td>
</tr>
<tr>
<td>Silk piece goods</td>
<td>708</td>
<td>1,371</td>
<td>1,472</td>
<td>1,314</td>
<td>1,065</td>
<td>981</td>
<td>1,432</td>
<td>1,853</td>
<td>926</td>
<td>973</td>
</tr>
<tr>
<td>Kerosene</td>
<td>1,099</td>
<td>1,068</td>
<td>1,411</td>
<td>934</td>
<td>1,261</td>
<td>1,436</td>
<td>1,770</td>
<td>2,033</td>
<td>1,486</td>
<td>1,701</td>
</tr>
<tr>
<td>Machinery</td>
<td>588</td>
<td>803</td>
<td>1,378</td>
<td>896</td>
<td>794</td>
<td>384</td>
<td>1,525</td>
<td>1,780</td>
<td>1,741</td>
<td>1,762</td>
</tr>
<tr>
<td>Coal</td>
<td>1,155</td>
<td>1,825</td>
<td>1,671</td>
<td>981</td>
<td>1,687</td>
<td>1,948</td>
<td>2,293</td>
<td>1,835</td>
<td>1,694</td>
<td>1,435</td>
</tr>
<tr>
<td>Sugar</td>
<td>676</td>
<td>801</td>
<td>802</td>
<td>838</td>
<td>851</td>
<td>1,027</td>
<td>1,306</td>
<td>1,870</td>
<td>1,310</td>
<td>1,541</td>
</tr>
<tr>
<td>All other</td>
<td>19,502</td>
<td>24,142</td>
<td>24,078</td>
<td>24,102</td>
<td>24,194</td>
<td>32,742</td>
<td>31,544</td>
<td>45,832</td>
<td>42,756</td>
<td>37,833</td>
</tr>
<tr>
<td>Total</td>
<td>29,521</td>
<td>41,436</td>
<td>41,025</td>
<td>36,648</td>
<td>39,752</td>
<td>54,087</td>
<td>67,115</td>
<td>71,580</td>
<td>63,231</td>
<td>59,199</td>
</tr>
</tbody>
</table>

1 Figures from Japan Year Books.
2 Not shown.

The Leased Territory of Kwantung.—Kwantung (Chinese territory), at the southern extremity of the Liaotung Peninsula, is important as the southern gateway to the rich region of South Manchuria. Within it are located the fortress of Port Arthur and the great commercial port of Dairen. Port Arthur dominates the entrance to the Gulf of Pechili and Liaotung, the water highways to the Chinese ports of Tientsin, Chingwangleo, and Newchwang. Dairen is the southern terminus of the South Manchuria Railway and is thus the main exporting and importing point for Manchuria. With the ports of Newchwang and Antung, but with great advantage over both, it divides the command of a rich hinterland. The Leased Territory

1 In Chinese, Talian; in Russian, Dalny.
2 Manchuria alone has an area of 364,000 square miles—present population about 17,500,000—and is estimated to be capable of supporting a population of 100,000,000.
includes about 1,300 square miles, within which there is a population of 572,525, of whom 516,772 are Chinese, and 55,633 Japanese, exclusive of the Japanese military and naval forces.

The Leased Territory is important commercially rather for its transit trade than for its local production and consumption. The gross value of the trade of the port increased from $22,000,000 in 1908, and $56,000,000 in 1913, to $217,000,000 in 1918. The duties payable on imports intended for the interior, or on shipments from the interior for export, are in most cases collected at the port of Dairen. The chief local products are maize, beans, wheat, buckwheat, rice, tobacco, hemp, and vegetables. The chief manufactured product is salt, for use primarily in the active fishing industry.

Beans, bean oil, and bean cake, however, are far the most important exports of the port of Dairen. The trade in these products is a development since 1908, when the utility of soy-bean oil for soap making, mixture with olive oil, and paint manufacture first became appreciated in Europe and America. Manchuria is the world’s main source for oil beans, and the prosperity of the country has been greatly stimulated by the striking recent growth of this commerce. The most important imports are cotton goods, iron and steel products and machinery, sugar, tobacco, gunny sacks, and kerosene.

A considerable portion of the total import and export trade of South Manchuria passes through the port of Dairen, which ranks (in 1917) fourth among China’s ports in value of customs revenue collected.

The Leased Territory of Kiaochow.—Kiaochow (Chinese territory) is located on the south side of the Shantung promontory on the coast of the Province of Shantung, China, facing the Yellow Sea. The Leased Territory includes an area of 193 square miles on the mainland; also the bay and a number of small islands. It has a population of over 200,000, including some 20,000 Japanese. The port is Tsingtao.

This Territory, like Kwantung, is important politically, commercially, and strategically. It is the gateway to Shantung and contiguous Provinces. In Shantung alone there is a highly productive hinterland with an area of 56,000 square miles and a population of 35,000,000. Tsingtao is the terminus of the Shantung Railway, which runs to the capital of the Province and there connects with the north-and-south railway which leads to Peking and Tientsin on the north and to the Yangtse River and Shanghai on the south.

Again, like Kwantung, Kiaochow is important commercially for its transit trade. On this the duties are paid at Tsingtao. Shantung exports principally beans and bean cake and oil, straw braids, peanuts, eggs, fruit, silk, drawn work, and salt; its chief imports are cotton goods and yarn, tobacco, kerosene oil, sugar, matches, dyestuffs, and timber. Since the Japanese occupation large quantities of opium and opium derivatives have been imported. Most of the import and export trade passes through the port of

* Nearly all of these Japanese have entered the territory since the occupation, in 1914.
Tsingtao, which ranks (in 1917) sixth among China's ports in value of revenue collected.

**TRADE BETWEEN JAPAN AND THE DEPENDENCIES AND LEASED TERRITORIES.**

The development of the trade between Japan and her dependencies and Leased Territories has been striking. In the case of Formosa, the trade with Japan, which had been negligible before the acquisition of the island (in 1895), had increased by 1914 to more than three-quarters of the total Formosan trade. During the same period the amount of trade between Formosa and countries other than Japan showed a relatively small increase, while the volume of commerce between the island and the Chinese mainland actually decreased. Tables 4 and 5 show the trade of Formosa and the shares thereof controlled by Japan and other countries.

**Table 4.—Trade of Formosa.**

[In thousands of yen or taels.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From foreign countries</td>
<td>From China</td>
</tr>
<tr>
<td></td>
<td>Total.</td>
<td>From Japan (extra).</td>
</tr>
<tr>
<td>1890 (Hk. taels)</td>
<td>2,929</td>
<td>780</td>
</tr>
<tr>
<td>1894 (Hk. taels)</td>
<td>2,261</td>
<td>1,802</td>
</tr>
<tr>
<td>1896 (yen)</td>
<td>8,631</td>
<td>4,094</td>
</tr>
<tr>
<td>1900 (yen)</td>
<td>13,571</td>
<td>5,995</td>
</tr>
<tr>
<td>1910 (yen)</td>
<td>19,485</td>
<td>5,432</td>
</tr>
<tr>
<td>1913 (yen)</td>
<td>18,024</td>
<td>7,250</td>
</tr>
<tr>
<td>1914 (yen)</td>
<td>13,013</td>
<td>7,300</td>
</tr>
<tr>
<td>1915 (yen)</td>
<td>12,781</td>
<td>7,560</td>
</tr>
<tr>
<td>1916 (yen)</td>
<td>15,340</td>
<td>7,328</td>
</tr>
<tr>
<td>1917 (yen)</td>
<td>21,065</td>
<td>9,388</td>
</tr>
<tr>
<td>1918 (yen)</td>
<td>35,555</td>
<td>15,960</td>
</tr>
<tr>
<td>1919 (yen)</td>
<td>64,178</td>
<td>28,673</td>
</tr>
</tbody>
</table>

1 Merchandise, both foreign goods and native produce.

2 The Hk. (Halkwan) tael, the unit employed by the Chinese maritime customs; it equals $1.50 Mexican.

**Table 5.—Chief sources of Formosa's imports.**

[In thousands of yen.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>China</th>
<th>British India</th>
<th>United States</th>
<th>Dutch Indies</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914</td>
<td>39,850</td>
<td>7,396</td>
<td>1,017</td>
<td>800</td>
<td>370</td>
<td>1,278</td>
</tr>
<tr>
<td>1915</td>
<td>40,587</td>
<td>7,632</td>
<td>1,677</td>
<td>701</td>
<td>170</td>
<td>711</td>
</tr>
<tr>
<td>1916</td>
<td>49,525</td>
<td>7,328</td>
<td>2,553</td>
<td>761</td>
<td>226</td>
<td>1,251</td>
</tr>
<tr>
<td>1917</td>
<td>67,744</td>
<td>9,388</td>
<td>3,948</td>
<td>2,148</td>
<td>406</td>
<td>1,078</td>
</tr>
<tr>
<td>1918</td>
<td>70,591</td>
<td>15,960</td>
<td>4,238</td>
<td>2,302</td>
<td>2,188</td>
<td>887</td>
</tr>
</tbody>
</table>

1 Figures from Japan Year Book, 1916, p. 714, and 1919-20, p. 732.

Korean commerce also is principally in Japanese hands. Of the total exports in 1917 of 83,775,387 yen, three-fourths, or 64,725,650 yen, went to Japan; of the total imports of 102,886,736 yen, nearly three-fourths, or 72,696,036 yen, came from Japan. Imports amounting to 11,609,605 yen came from the United States. In 1918, 74 per cent of the imports of the dependency came from Japan, and almost 90 per cent of the exports were sent to that country. Korea,
however, unlike Formosa, had been dealing principally with Japan even before the Japanese assumption of control, and trade figures for many years back show Japanese predominance in Korean trade. Table 6 shows the total trade of Korea and her trade with Japan for the years from 1903 to 1918.

Table 6.—Trade of Korea and Japan's share thereof.¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>From Japan</td>
</tr>
<tr>
<td>1903</td>
<td>18,411</td>
<td>11,553</td>
</tr>
<tr>
<td>1904</td>
<td>27,402</td>
<td>19,007</td>
</tr>
<tr>
<td>1905</td>
<td>22,972</td>
<td>23,962</td>
</tr>
<tr>
<td>1906</td>
<td>39,805</td>
<td>22,914</td>
</tr>
<tr>
<td>1907</td>
<td>41,611</td>
<td>27,361</td>
</tr>
<tr>
<td>1908</td>
<td>34,633</td>
<td>24,840</td>
</tr>
<tr>
<td>1909</td>
<td>36,649</td>
<td>25,852</td>
</tr>
<tr>
<td>1910</td>
<td>39,783</td>
<td>25,348</td>
</tr>
<tr>
<td>1911</td>
<td>53,216</td>
<td>34,655</td>
</tr>
<tr>
<td>1912</td>
<td>67,115</td>
<td>40,756</td>
</tr>
<tr>
<td>1913</td>
<td>71,593</td>
<td>40,429</td>
</tr>
<tr>
<td>1914</td>
<td>63,331</td>
<td>39,047</td>
</tr>
<tr>
<td>1915</td>
<td>57,611</td>
<td>41,533</td>
</tr>
<tr>
<td>1916</td>
<td>54,347</td>
<td>52,439</td>
</tr>
<tr>
<td>1917</td>
<td>102,857</td>
<td>72,196</td>
</tr>
<tr>
<td>1918</td>
<td>138,029</td>
<td>117,273</td>
</tr>
<tr>
<td>1919</td>
<td>253,077</td>
<td>184,918</td>
</tr>
<tr>
<td>1920</td>
<td>249,326</td>
<td>167,086</td>
</tr>
</tbody>
</table>

¹ Figures for 1903 to 1916 from Government of Chosen, Annual Reports on Reforms and Progress in Chosen. Figures for 1917 and 1918 from Japan Year Books. Figures for 1919 and 1920 from Commerce Reports, June 10, 1921, and Supplement No. 3,8, June 25, 1920, reconverting dollars into yen. The figures of this table do not include specie and bullion, of which Korea's annual exports are considerable.

For the Leased Territory of Kiaochow, such figures as are available indicate an equally pronounced tendency toward Japanese commercial supremacy in the territories under Japanese administration. In 1913, Japan had 37 per cent of the direct foreign trade of the port of Tsingtao, while in 1918, her share amounted to 83 per cent. In this latter year the trade of the United States with the Leased Territory was only 3 per cent of the total.² The following table shows the import and export trade of Kiaochow from 1909 to 1918.

Table 7.—Trade of Kiaochow.³

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from</th>
<th>Exports to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Foreign countries</td>
<td>Chinese ports</td>
</tr>
<tr>
<td>1909</td>
<td>11,071</td>
<td>14,544</td>
</tr>
<tr>
<td>1910</td>
<td>12,632</td>
<td>14,547</td>
</tr>
<tr>
<td>1911</td>
<td>13,371</td>
<td>13,596</td>
</tr>
<tr>
<td>1912</td>
<td>14,193</td>
<td>16,524</td>
</tr>
<tr>
<td>1913</td>
<td>15,407</td>
<td>12,290</td>
</tr>
<tr>
<td>1914</td>
<td>13,151</td>
<td>10,193</td>
</tr>
<tr>
<td>1915</td>
<td>13,821</td>
<td>11,947</td>
</tr>
<tr>
<td>1916</td>
<td>14,237</td>
<td>10,415</td>
</tr>
<tr>
<td>1917</td>
<td>17,826</td>
<td>13,574</td>
</tr>
<tr>
<td>1918</td>
<td>16,971</td>
<td>15,322</td>
</tr>
</tbody>
</table>

² Figures from Chinese Maritime Customs Reports.
³ For 4 months from Sept. 1.
The Leased Territory of Kwantung has gained enormously in the total volume of its trade during the Japanese régime. Development of the port and of its railway connections was responsible for the growth in the first instance, and the phenomenal expansion of the bean trade, especially during the war, has greatly contributed to the total. Table 8 shows imports and exports from the port of Dairen since 1908.

**Table 8.—Trade of Dairen.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from Foreign countries</th>
<th>Imports from Chinese ports</th>
<th>Exports to Foreign countries</th>
<th>Exports to Chinese ports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1908</td>
<td>17,216</td>
<td>3,061</td>
<td>7,342</td>
<td>5,962</td>
</tr>
<tr>
<td>1909</td>
<td>12,240</td>
<td>5,362</td>
<td>23,308</td>
<td>4,338</td>
</tr>
<tr>
<td>1910</td>
<td>18,672</td>
<td>5,120</td>
<td>30,070</td>
<td>9,218</td>
</tr>
<tr>
<td>1911</td>
<td>24,013</td>
<td>7,771</td>
<td>24,007</td>
<td>9,724</td>
</tr>
<tr>
<td>1912</td>
<td>27,070</td>
<td>7,836</td>
<td>19,751</td>
<td>9,601</td>
</tr>
<tr>
<td>1913</td>
<td>28,740</td>
<td>8,310</td>
<td>29,740</td>
<td>9,260</td>
</tr>
<tr>
<td>1914</td>
<td>28,802</td>
<td>9,608</td>
<td>35,601</td>
<td>8,501</td>
</tr>
<tr>
<td>1915</td>
<td>24,805</td>
<td>16,831</td>
<td>33,714</td>
<td>15,171</td>
</tr>
<tr>
<td>1916</td>
<td>35,358</td>
<td>19,073</td>
<td>43,137</td>
<td>11,573</td>
</tr>
<tr>
<td>1917</td>
<td>58,274</td>
<td>23,591</td>
<td>47,024</td>
<td>16,163</td>
</tr>
<tr>
<td>1918</td>
<td>85,970</td>
<td>25,622</td>
<td>72,389</td>
<td>13,623</td>
</tr>
</tbody>
</table>

1 Figures from Chinese Maritime Customs Reports.

Distribution of the commerce of Dairen by countries is shown in the Chinese Maritime Customs Reports only for the export soy-bean trade. The beans are shipped for crushing primarily to Japan, although they are also sent in increasing quantities to England, France, Denmark, and other European destinations. The bean cake goes entirely to Japan and Formosa, to be used as fertilizer in the rice and tea fields. The oil is shipped principally to the United States, and there has developed a heavy direct traffic in this commodity between Dairen and Seattle. This oil trade with America has reached large proportions since the war; and in 1918, of the total value of $103,000,000 for the exports of the port of Dairen, more than $36,000,000 consisted of soy bean oil purchased by the United States.

Table 9 shows the trade in the soy bean itself and in its two products for the years 1914 and 1918.

**Table 9.—Destination of beans, bean cake, and bean oil exported from Dairen to foreign countries.**

<table>
<thead>
<tr>
<th>Destination</th>
<th>Beans (in thousands of piculs)</th>
<th>Bean cake (in thousands of piculs)</th>
<th>Bean oil (in thousands of piculs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>7,678</td>
<td>2,507</td>
<td>48</td>
</tr>
<tr>
<td>United States</td>
<td>7</td>
<td>734</td>
<td>388</td>
</tr>
<tr>
<td>Other countries</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,693</td>
<td>3,331</td>
<td>520</td>
</tr>
<tr>
<td>Japan</td>
<td>1,363</td>
<td>13,292</td>
<td>53</td>
</tr>
<tr>
<td>United States</td>
<td>2</td>
<td>120</td>
<td>2,004</td>
</tr>
<tr>
<td>Other countries</td>
<td>684</td>
<td>(? )</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>5,049</td>
<td>13,292</td>
<td>2,069</td>
</tr>
</tbody>
</table>

1 Figures from Chinese Maritime Customs Reports.
2 The picul = 133 pounds.
3 Less than 500 piculs.
II. GOVERNMENT OF THE DEPENDENCIES AND MAKING OF TARIFFS.

AUTHORITY OF THE CENTRAL (JAPANESE) GOVERNMENT.

All legislative authority in the Japanese Empire is vested in the Emperor and the Diet. The constitution provides that "the imposition of a new tax or the modification of the rates [of an existing one] shall be determined by law." (Art. 62.) "The Emperor exercises the legislative power with the consent of the Imperial Diet." (Art. 5.) "The Emperor, in consequence of an urgent necessity to maintain public safety or to avert political calamities, may issue, when the Imperial Diet is not sitting, imperial ordinances in the place of laws. Such imperial ordinances are to be laid before the Imperial Diet at its next session, and when the Diet does not approve the said ordinances, the Government shall declare them to be invalid for the future." (Art. 8.) "The Emperor issues, authorizes, or causes to be issued, the ordinances necessary for the carrying out of the laws. * * *. But no ordinance shall in any way alter any of the existing laws." (Art. 9.) "Every law requires the consent of the Imperial Diet." (Art. 27.)

The tariff laws for Japan and for all parts of the Empire are enacted in accordance with the above provisions; but regulations for their operation may be made by the cabinet or by departmental ordinance, these being issued as imperial ordinances. The tariff law for Korea, effective August 29, 1920, entrusts some discretionary powers to the governor general, including the power to suspend certain duties. The Diet meets annually, in December, for a session of three months; it may also be called in special session.

ADMINISTRATION OF DEPENDENCIES AND LEASED TERRITORIES.

The dependencies and Leased Territories are all administered under organizations of one general type. Governmental authority centers in Japan. Control is in each case vested in a governor general, appointed by the Japanese Crown and responsible to the Emperor either directly or through the prime minister or the home office.

The governor general has ordinance power as well as simple executive authority, and controls, directly or indirectly, both military and civil affairs in the territories under his jurisdiction. He governs through his secretariat and through the officials at the heads of subordinate departments. The number of such departments varies with the size and importance of the administrative district, from 10 in the case of Korea to 3 in the case of Sakhalin, and 3 for Kwantung. In Korea, the governor has an advisory central council of 70 members nominated by the Japanese cabinet, upon the recommendation of the governor general, from among Koreans who have held high office. This council, however, has no legislative authority, and its presidency is reserved for the director of political affairs. In none of the dependent areas is there a representative legislative body.

In Formosa the governor general must be a general or lieutenant general of the army or an admiral of the navy. In Kiaochow the commander in chief of the Japanese garrison has had supreme control, but has conducted civil affairs through a subordinate civil governor.

13 The administrative system for Korea was revised in 1919. See Japan Year Book, 1919-20, p. 704.
In Korea and Kwantung, under new regulations (1919), a civilian may hereafter hold the post of governor general. The governor general in Kwantung has charge also of the South Manchuria Railway, including the railway zone, but his department of foreign affairs is directed by the Japanese consul general at Mukden, under the minister of foreign affairs in Japan.

The imperial rescript for the reform of the administration of Korea, issued in August, 1919, promises "the eventual adoption in Korea of a system of provincial and municipal administration similar to that in operation in Japan proper, so far as circumstances would permit," and the obliteration of "all differences between Korea and Japan proper, in matters of education, industry, and civil service."

It may be expected that the Kiaochow administration will be changed from its present military form to resemble the new régime in Kwantung. Japan, however, has announced her intention to restore this region to China.

III. COLONIAL TARIFF POLICY AND SYSTEM.

JAPANESE TARIFF SYSTEM.

LEGISLATION.

The first Japanese customs tariff law was enacted in 1897. Previous to that time the Japanese Government had been restricted by the commercial treaties concluded between 1854 and 1866, and the tariff schedules in force had been those adopted in 1866, wherein the ruling rate, both of import and of export duties, was 5 per cent; these schedules had contained some ad valorem and some specific rates, the latter having been fixed as the equivalent of 5 per cent ad valorem on the basis of the current market prices of commodities.

When their commercial treaties were being revised in the years following 1894, the Japanese had two principal objectives, the abolishing of extraterritoriality and the restoration of their tariff autonomy. While conceding these, certain of the powers took the precaution to place in their treaties schedules in which were listed some of the more important of the items in their trade with Japan and the rates of import duty to be paid thereon. While the treaties were being negotiated the Japanese were framing their new tariff law. They had been dropping export duties, one after another, for some time, and in 1898 they abolished all that remained of them. At the same time they provided for increase in the revenues by increasing the import duties. The tariff law (of 1897) which came into effect in 1899, contained a schedule of 532 items. On the articles which were dutiable the rates ranged from 5 per cent to 40 per cent. During the next few years the law was frequently amended. In 1906 there was a complete revision, in the course of which the "war duties" which had been imposed during the Russo-Japanese War were in most cases incorporated in the regular tariff schedules. A survey of the amendments and revisions, with comparison of the

rates and with reference to the returns of revenue, shows a steady
tendency toward higher duties.

In 1910 a new tariff law was passed,\textsuperscript{15} and commercial treaties of
the 1894-1899 series were denounced. The director of customs
decided the object of the new revision to be to obtain more revenue
and to secure adequate protection to Japanese industry. The law
of 1910 provides for the exemption from import duty of 23 classes
of articles. It provides that imports from countries which do not
enjoy the benefit of special conventional arrangements may never-
theless be designated by imperial ordinance to receive concessions
not exceeding those established by the conventions. Articles im-
ported from countries which discriminate against the vessels, pro-
duce, or manufactures of Japan may be subjected by imperial ordi-
nance to duties of 100 per cent ad valorem, or less, in addition to
the import duties regularly prescribed. Where an export bounty is
granted by a foreign country there may be imposed by imperial ordi-
nance a countervailing duty equal to the bounty.

This law of 1910, together with revised regulations for the execu-
tion of the customs duties law,\textsuperscript{16} took effect in 1911. The tariff of
1910, with various amendments,\textsuperscript{17} is the tariff now in force, and in
most respects it applies in Korea, Formosa, and Saghali as well as
in Japan proper.

The tariff schedule contains 647 items, classified in 17 groups.
The duties are in most cases specific. Raw materials largely used in
manufacturing industries are, generally speaking, duty free. On
partially manufactured articles the rates are low. On manufactured
goods the rates range from 15 per cent to 40 per cent; on luxuries,
from 50 per cent to 355 per cent—in the case of tobacco.\textsuperscript{18} There
are no export duties.

\section*{Treaties of 1911 and after.}

New treaties, in several instances accompanied by special recipro-
cal conventions, were signed between Japan on the one hand and
the United States,\textsuperscript{19} Great Britain, Germany, France, Italy, Austria-
Hungary, Denmark, Holland, Norway, Sweden, Switzerland, and
Spain on the other. More recently new treaties have been concluded
with Bolivia and Paraguay.\textsuperscript{20}

\begin{footnotes}
\item[15] Law No. 51, promulgated on Apr. 15, 1910.
\item[16] Revised by imperial ordinance No. 154, in June, 1911.
\item[17] Laws Nos. 8 and 9 of 1912; law No. 38 of 1914; law No. 9 of 1915. See Tarif of Japan. revised and cor-
rected, in The Herald of Asia, Tokyo, 1919. For the most recent changes see Commerce Reports, 1920,
pp. 801 and 1917 (antidumping law and increases chiefly in the chemical schedule, effective Aug. 1,
1920) and June 13, 1921, p. 1500 (increases chiefly in metal manufactures).
\item[18] A comparative table was issued by the Japanese department of finance at the time of the introduction
of the tariff law in the Diet, showing the ad valorem equivalents to the specific duties. The international
tariff revision committee of the Yokohama Foreign Board of Trade published, in September, 1911, a study
of the new tariff under the title "The New Import Tariff of Japan, in force from the 13th July, 1911.
\item[19] In point of time the first of the new treaties was that concluded with the United States, signed on Feb.
21, and ratified on Apr. 4, 1911, but this treaty contained no tariff concessions. It provides for reciprocal
freedom of commerce and navigation on the most-favored-nation basis, but it leaves the question of import
duties with the temporary provision (Art. V) that, "The import duty on articles the produce or manufac-
ture of the territories of one of the high contracting parties upon importation into the territories of the other,
shall henceforth be regulated either by treaty between the two countries or by the internal legislation of each."
As amendment to this, it is specified in the subjoined protocol that the tariff provisions of the treaty
of 1894 shall be maintained, pending the conclusion of a tariff treaty. Such tariff treaty has not been con-
cluded. The treaty contains a covering most-favored-nation clause, but in a form differing in several re-
spects from that usually employed in treaties to which the United States has been a party.
\item[20] New treaties were not, and have not since been negotiated with Argentina, Brazil, Chile, China, the
Congo, Greece, Mexico, Peru, Russia, and Siam: but the old treaties with those countries remained in force
by virtue of not having been denounced. A new treaty had been made with Russia in 1907: Japan's
 treaties with Belgium and Portugal having been terminated, no new treaties have been concluded, and
commercial relations with these countries are covered by temporary arrangements.
\end{footnotes}
The conventional tariff provisions, 1911 and after.—Conventional tariff schedules were established by the treaties with Great Britain, Germany, France, and Italy. In each of these agreements, as with all the other treaties between Japan and European powers, immediate and unconditional most-favored-nation treatment was pledged.

The British-Japanese treaty provides that negotiations for the modification of the conventional tariff schedules may be undertaken at the desire of either party, when the treaty has been in force for one year, and that if no agreement be reached after six months of negotiation, the schedules may be abrogated without otherwise affecting the treaty. This treaty also provides that its stipulations shall not apply to “tariff concessions granted by either of the high contracting parties to contiguous States solely to facilitate frontier traffic within a limited zone on each side of the frontier, or to the treatment accorded to the produce of the national fisheries of the high contracting parties, or to special tariff favours granted by Japan in regard to fish and other aquatic products taken in the foreign waters in the vicinity of Japan”, and that they shall not apply to any of the British “dominions, colonies, possessions, or protectorates beyond the seas unless notice of adhesion” be given on behalf of such region before the expiration of two years after ratification. Such adhesion may be withdrawn. The treaty provides for its own termination at any time after July 16, 1923, subject to one year’s notice.

The treaty between France and Japan, signed on August 19, 1911, was to remain in force for 10 years, with 12 months’ notice required for denunciation, but it contains the provision that the most-favored-nation clauses and the protocol containing the schedules of reduced duties may be withdrawn at any time, upon one year’s notice, or that the protocol alone may be terminated upon five months’ notice. The protocol provides that the rates of duty specified may be changed by either party, five months’ notice being required before substitute rates may become effective; and that in case an increase is made by either country, the other may at the same time withdraw the schedule which applied to imports into its own territories, on three months’ notice.

The provisions of this treaty applied to all the colonies and possessions of Japan, and to Algeria, and its scope was extended before July, 1913, to the following French colonies: French West Africa, French Equatorial Africa, French Somali Coast, Madagascar, Reunion, French India, New Caledonia, French Guiana, Guadeloupe, Martinique, and St. Pierre and Miquelon.

The German-Japanese treaty was to be binding until December, 1917, requiring 12 months’ notice thereafter for abrogation. After the outbreak of the war, the Japanese Government gave notice of its suspension and it is now no longer in effect.

The treaty between Italy and Japan, signed on November 25, 1911, was terminable after December 31, 1917. In January, 1917, the Italian Government gave notice of its desire to abrogate the treaty, the abrogation to take effect on the last day of the year; but the rates in effect under the treaty were temporarily continued.

21 Art. 25.
22 Art. 26.
23 For statement with regard to reasons for omission of Indo-China, see chapter on Colonial Tariff Policy of France, pp. 146–7.
By the four conventional schedules combined, only some 42 articles or classes of articles were granted special rates. Some of the treaties duplicated the reductions of others, but in general each schedule contained articles which were, among Japan’s imports, of particular interest to the trade of the country in whose favor the reduction was made. The withdrawal of the German schedules has meant a considerable restriction in the scope of the conventional tariff, and this will be further limited by the termination of the concessions to Italy. It has been estimated that, on the most important of the articles for which they were granted, the conventional rate averaged about one-third less than the statutory rates.

Countries entitled to the benefit of the conventional rates.—At the end of July, 1914, the following countries and colonies were entitled, by virtue of most-favored-nation clauses or special arrangements, to the benefits of the conventional tariff rates: Argentina; Austria-Hungary; Belgium; Brazil; Chile; Colombia; Denmark, including colonies; France, including Algeria and French colonies as indicated above; the German Empire, including Grand Duchy of Luxembourg and the Austrian Communes of Jungholz and Mittelberg; Greece; Italy; Mexico; the Netherlands, including colonies; Norway; Peru; Russia; Siam; Spain, including the Balearic end the Canary Islands; Sweden; Switzerland; the United Kingdom of Great Britain and Ireland, including India and Canada; and the United States of America, including outlying possessions. Since September, 1914, Austria-Hungary and the German Empire have been dropped from this list. By virtue of a new treaty concluded in 1914, Bolivia has been added to the list; and by virtue of a treaty of November 11, 1919, Paraguay.24

JAPAN’S TARIFF POLICY.

For a period of more than 20 years immediately preceding 1899, Japanese statesmen addressed themselves to the recovery of Japan’s tariff autonomy. That secured, their object in the framing of their first tariff law was to increase the revenues while at the same time encouraging the development of domestic industries and export trade. To this end, new import duties were imposed, particularly on manufactured articles, duties were removed from a considerable number of raw materials, and all export duties were removed. During and immediately after the Russo-Japanese War, necessity for greater revenues led to the increasing of the import duties. It was found that the extensive concessions of the conventional schedules agreed upon in the treaties of 1899 interfered with the fiscal and protective policy to which the Government was increasingly committed. At the same time, various economists, editors, politicians, and Government officials urged the advantages of the high protective tariffs of Occidental countries and pointed with admiration to the German “scientific tariff.” The revision of the tariff which produced the tariff law of 1910 was, therefore, conducted with a view both to improving the revenue features of the system and to establishing barriers for the protection of growing Japanese

24 The treaties with Argentina, Bolivia, Brazil, Chile, Colombia, Mexico, Peru, and the United States called for conditional most-favored-nation treatment. The most-favored-nation treatment between China and Japan, based upon Arts. IX and XV of the treaty of 1896 and Art. IX of the treaty of 1903 remains unilateral in Japan’s favor.
industries; and in the negotiation of the new treaties, care was taken to limit the number and extent of the tariff concessions.

In 1915, impelled in part by the effects of the war upon Japanese trade, the finance department conducted extensive investigations with a view to revision of the schedules and extension of the drawback system and customs warehouse facilities. The principle guiding the administration in the revision was explained in the Japan Times at the time as follows:

The revision * * * will affect no small number of dutiable articles. The imposition of a tariff on these raw materials, importation of which has stopped, or has declined during the war, will be canceled or decreased with a view to encouraging the domestic manufacturing industries. On the contrary, the tariff on those goods which have come to be produced in this country (Japan) since the outbreak of the war will be increased as a means of protecting and stimulating domestic commerce.\(^2\)

Legislation along these lines has since been enacted.

**COLONIAL TARIFF POLICY—ASSIMILATION.**

Japan’s policy with regard to the dependencies is obviously and simply to effect complete tariff assimilation. Broadly speaking, the tendency of Japanese policy is to regard the dependencies not as “colonies” but as outlying portions of the Empire; the dependencies are to have their special administrations but not political or economic individuality.

In 1916 provision was made that nuts and fruits produced in Korea should pay when imported into Japan 30 per cent ad valorem; this rate was a little below that paid by the same articles when imported into Japan from other countries. “Pigs and blocks of metal" from Korea were made duty free on importation into Japan. This provision was designed to assist certain Japanese refining companies which were operating in Korea. Such provisions are, of course, preferential; and it was promptly charged that these alterations were at variance with the Japanese declaration of August 29, 1910. The application of the policy of assimilation began in 1909 with the extension of the Japanese tariff to Formosa and Saphalin. When Korea was annexed in 1910, for diplomatic reasons the Japanese Government made the pledge set forth in the next section, and tariff assimilation was postponed until August 29, 1920. The Korean tariff has not yet been made identical in all respects with that of Japan, but otherwise the policy of tariff assimilation has been carried as far as possible, since the treaty obligations detailed below prevent the assimilation of the tariffs of the leased territories.

Free trade between Japan on the one hand and Formosa and Saphalin on the other existed even before the assimilation of the tariffs of these dependencies.\(^3\) Imports from Korea were granted free entry to Japan at the time of its tariff assimilation; but products of Kiaochow and Kwantung, where the Japanese tariff can not be applied, continue to be dutiable. Slight concessions, however, were made in 1906 and 1916 in extending to certain colonial products the benefit of Japan’s conventional tariff rates. In September, 1906, the benefit of the whole conventional schedule was granted to products

\(^2\) *Japan Times* Oct. 8, 1915. Reported by the American consul general at Yokohama.

\(^3\) Trescher, E: Vorzugszolle, Ihre Geschichte und Wirkung im Internationalen Waren austausch, 1908, p. 139. A portion of the Formosan export duties were refunded upon the importation of the articles into Japan.
of Kwantung, and in November the benefit of the conventional rate. upon tin in lumps and slabs and upon mercury was granted to products of Korea and China. 27

TREATY RESTRICTIONS UPON ASSIMILATION OF KOREA AND LEASED TERRITORIES.

(a) Korea.—From 1883 until the annexation of Korea by Japan in 1910 the Korean tariff had been based on treaty provisions, particularly those of the treaty of 1883 with Great Britain. Immediately after the annexation the Japanese made a declaration as follows:

Owing to the termination of the treaties concluded with Korea, the conventional tariff hitherto in force in Korea equally ceases to be operative. However, having in view the fact that the annexation is necessitated essentially by considerations of a political character, the Japanese Government are anxious to avert, as far as possible, prejudicial effects upon the economic interests of foreigners in Korea, and are, moreover, conscious of the advisability of abstaining from measures which may bring about radical changes in the economic relations between Japan and Korea. They have therefore decided of their own accord to maintain the customs tariff hitherto enforced in Korea for a term of 10 years in respect of foreign trade as well as national. 28

(b) Kwantung Leased Territory and Kiaochow Leased Territory.—When Germany leased Kiaochow from China it was agreed in the convention of March 6, 1898, that the matter of customs should be left to a later agreement. In the next year it was agreed 29 that the Chinese imperial maritime customs should continue to function, but that the commissioner of customs at Tsingtao should be of German nationality, appointed with the approval of the German legation at Peking, and that the Europeans on his staff should be of German nationality. The Leased Territory was to be a "free" area, but goods imported by sea for transportation to the interior and goods entering from the interior for export by sea should be subject to the regular duties of the Chinese tariff. 30 Special regulations were agreed upon for control of the importation of opium, arms, and explosives.

A few months later John Hay, American Secretary of State, secured the exchange of notes between the United States and six powers—France, Germany, Great Britain, Italy, Japan, and Russia—whereby those powers pledged themselves to follow in respect to their respective "spheres of interest" in China the policy of the "open door": specifically that the Chinese treaty tariff should apply to all merchandise, of no matter what nationality, landed or shipped to treaty ports within such spheres; that the duties should be collected by the Chinese Government, and that there should be no discrimination in the matter of harbor dues or railway charges. 31

In 1905 another agreement was reached 32 in which it was provided that:

27 Imperial ordinances Nos. 292 and 304, September and November, 1906. In 1906 Korea had not yet been annexed. Since the concessions of Japan's conventional tariff were made to Great Britain, France, Germany, and Italy and in respect to articles in which those countries were specially interested, it makes little difference to the colonies of Japan, whose products are so different from those of Europe, whether or not they enjoy the same concessions.


29 Sir Robert Hart and the German minister, Apr. 17, 1899. Text in Rockhill: Treaties, Conventions ... etc., Vol. II (1908), p. 32.

30 See below under tariffs of dependencies and leased territories individually.

31 Texts in Malloy: Treaties, Conventions ... etc., Vol. I (1910), pp. 244-260.

After the delimitation of the Tsingtau free area by the German officials, the Chinese maritime customs established in the German territory will levy all the duties on goods passing outside the free area, and the Chinese Government will hand over annually to the German officials at Tsingtau 20 per cent of the net import duties collected, as shown by the statistics of the Kiaochow customs, as its contribution to the expenses of the territory. This percentage will be fixed for the present provisionally for five years and payment will be made in quarterly installments after the end of each quarter. If this arrangement fixing the contribution at 20 per cent should at any time seem to either party to require amendment, notice is to be given to the other before the beginning of the fifth year in order to afford time for consideration. (Art. I.)

Up to the present (1921) no change in the percentage has been made.

In respect to Kwantung, after Japan had succeeded to Russia's rights in 1905, a customs agreement was concluded on May 30, 1907, between the Japanese and the Chinese Governments. It was agreed that an office of the Chinese imperial maritime customs should be established at Dairen; the commissioner of customs at that office should be of Japanese nationality, approved by the Japanese minister in Peking, and the members of his staff should be, as a rule and except for temporary assignments, of Japanese nationality. The whole of the Leased Territory should be a free area, but goods imported by sea for transportation to the interior or brought from the interior for export by sea should be subject to the regular duties of the Chinese tariff. The arrangement was modeled in general upon that which had been adopted for Kiaochow, but there was no provision for payment of a part of the customs receipts to the local governmental administration.

After the fall of Tsingtao in November 1914, the Japanese military administration at Kiaochow undertook to establish a Japanese customs administration, but, after protests by the Chinese Government and diplomatic pressure exerted by other powers, an agreement was arrived at (Aug. 6, 1915) which amounted to recognition and adoption by Japan of the régime which had been in effect under the German-Chinese agreements, with the difference that Japanese nationals of the Chinese customs service were to fill the positions formerly held by German nationals in the Tsingtao customs.

By articles 156, 157, and 158 of the treaty of Versailles it is provided that rights, titles, and privileges formerly possessed by Germany in Shantung pass to Japan. It may be assumed, therefore, that the customs and tariff provisions of the German-Chinese agreements with regard to Kiaochow stand, while Japan retains possession, "Japan" and "Japanese" being substituted for "Germany" and "Germans." These provisions are based on the principle of the "open door," "equality of treatment," the functioning of the Chinese customs, and the application of the Chinese tariff.

IV. TARIFFS IN FORCE IN THE DEPENDENCIES AND THE LEASED TERRITORIES INDIVIDUALLY.

FORMOSA AND SAGHALIN.

In Formosa and the Pescadores and in Saghalin, the tariff of Japan applies except as there may be special ordinances specifying otherwise in reference to particular provisions.

Figures available for 1918–19 show that the average rates of duty collected in Formosa upon all merchandise free and dutiable imported from countries other than Japan and Sakhalin were 7.8 per cent and 7.4 per cent, respectively, for the two years.33 Salt, camphor, and opium are controlled by Government monopolies.

KOREA (CHOSUN).

TREATY TARIFF OF 1883.

When Japan annexed Korea the Japanese Government at once declared that it would continue in force for a period of 10 years the "customs tariff hitherto enforced in Korea."

The tariff of Korea from 1910 to 1920 was, therefore, the product of Japanese imperial ordinance and legislation recognizing and continuing in force—but with some modifications—provisions agreed upon in the treaties between Korea and various powers before Korea was annexed to Japan. The treaty between Great Britain and Korea, of November 26, 1883, provided, in Article V, that "at each of the ports or places open to foreign trade, British subjects shall be at full liberty to import * * * and to export * * * all kinds of merchandise not prohibited by this treaty, on paying the duties of the tariff annexed thereto." In the same article, provision was also made for drawbacks and refunds, and it was agreed that there should be no transit duties in connection with imports transported into the interior or goods coming from the interior for export. There was annexed to this treaty a set of regulations for the conduct of British trade in Korea, a schedule of import duties, and a schedule of export duties; also Rules, among which were provisions that (1) ad valorem duties should be calculated on the actual cost of the goods at the place of production or fabrication, with the addition of freight, insurance, etc., (2) duties might be paid in Mexican dollars or Japanese silver yen, and, (3) the tariffs of import and export duties should be converted as soon as possible into specific rates.

The import tariff schedule above referred to contained six groups: I, items duty free; II, III, IV, and V, items subject to ad valorem duties of 5 per cent, 7½ per cent, 10 per cent, and 20 per cent, respectively; and VI, goods whose importation was prohibited.

The export tariff schedule contained two classes: Bullion, coins of all kinds, plants of all kinds, samples in reasonable quantity, and travelers' baggage, were to be exportable duty free; all other native goods or products were to pay an export duty of 5 per cent ad valorem, except red ginseng, the exportation of which was prohibited.34 This tariff became effective with regard to trade with other nations, by virtue of treaties and most-favored-nation provisions. Although the number of Korea's treaties with Occidental nations was limited, the provisions of such treaties as Korea made were applied, in practice, in relations with all the nations which engaged in commerce with Korea.

33 The percentages are derived from figures in Supplement to Commerce Reports, No. 584, Dec. 22, 1920. The gross amount of customs revenue was much greater in 1919 than in 1918, but this was due to the great increase in the imports from countries whose products were dutiable; the statement that the increase of customs revenue in 1919 was due to the importation of a greater proportion of luxuries, dutiable at relatively high rates, is contradicted by the figures showing the average rates of duty collected.

34 For the Great Britain-Korea treaty of 1883 and the Tariff Schedules and Rules, see Chung, Henry: Korean Treaties, 1919, pp. 126-162.
The Korean tariff system under the treaties was on the whole modeled on that which had been established in China, and the customs service was organized by a former official of the Chinese maritime customs. It is interesting to note, however, that in concluding their tariff treaty with Korea the British had seen to it that transit duties were prohibited. The practice of charging transit duties, which has been a cause of much difficulty in China, has not prevailed and is not found in the Korean system.

**TARIFF SYSTEM, 1910-1920**

After the annexation, inasmuch as the provisions upon which the Korean tariff system was based had never been consolidated, the Japanese administration undertook to weld them into a unified customs law. The result was the introduction of a law which went into effect on April 1, 1912. Article VIII of the tariff law provides that "provisions * * * relating to importation or exportation, respectively apply to imports to or exports from Chosen, from or to Japan proper, Taiwan, and Karafuto." In this legislation the rates of import duty in Korea were practically identical with what they had been in the Korean system before annexation; but export duties were abolished—except those on wheat, soy beans, beans, seed of *Perilla ocimoides*, cattle, cattle hides, coal, and iron ore. Against this abolition of export duties, the British and the French Governments protested, contending that Japan had undertaken in 1910 to retain the existing import and export rates. The Japanese Government insisted that the declaration of 1910 should be interpreted to mean only that the amount of existing duties would not be raised; they declared that the imposition of export duties in Korea had been a domestic matter, not regulated by treaties with the powers; and they proceeded to make the abolition of the export duties effective. In April, 1919, the Japanese Government declared the remaining Korean export duties abolished. (But see page 445.)

Ordinances which have been issued in connection with the administration of the customs in Korea have been framed in general on the basis of the system in Japan, but with certain exceptions in view of local circumstances. Among other things, the power of the customs authorities has been defined and provision has been made for protesting and appealing against imposition of charges considered excessive.

*Import duties.*—The rates on dutiable imports are in general those established in the British-Korean treaty of 1883, accounted for above, ranging from 5 per cent to 8 per cent on foodstuffs, raw materials, and the more common manufactures, and from 7.5 per cent to 15 and 20 per cent on luxuries.

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25. Laws and Regulations relating to the Customs of Chosen, compiled by Governor-General of Chosen, Keijo, June 1912. See also Chosen Government, Instructions to Directors of Customs Houses, Mar. 30, 1912, in "Government of Chosen, Results of Three Years Administration of Chosen since Annexation," Seoul, 1914, p. 73. 26. Orders No. 17, No. 20 of the Governor-General of Chosen, promulgated Mar. 28, 1912; See Laws and Regulations relating to the Customs Tariff of Chosen. 27. Their objection was based from the practical point of view, on anticipation of an adverse effect which the removal of the 5 per cent export duty on rice would have—to the advantage of Korean rice—over the rice from Rangoon (British) and Saigon (French) in the Japanese market. 28. Nine Korean ports had been opened to trade. The Japanese Government soon closed the port of Masampe and opened the port of Hsin-Wiju. The list of Korean open ports is now as follows: Chemulp'o, Fusan, Gensan, Chinnampe, Seoul, Kunsan, Mobpo, Songchin, Chongchin, Hsin-Wiju. Goods may also be entered at three subports, and one port is open to Japanese vessels only, under certain restrictions.
Prohibitions.—The importation of the following articles is prohibited: Counterfeit and obsolete coins, publications and other articles injurious to public security or morals, and articles which infringe patents and copyrights. Arms and ammunition, and red ginseng may be imported only by the Government or by those to whom the Government grants special permission.29

Drawbacks.—Certain drawbacks have been permitted on goods imported for further manufacture or for repair and reexport. As provided in an ordinance of the governor general in 1913, with amendments of 1915 and 1917, the list includes: Tissues, yarns, and threads to be used in making drawn work, in stitching, etc.; tissues, etc., imported for bleaching and dyeing; furs, hides, or skins for tanning; nails, tacks, and articles of metal; paper for making paper hats; leaf tobacco for making cigarettes; soy beans for making oil or oil cake; and certain other articles; provided they are reexported within a year.

Free list.—The free list includes the usual provisions for exemption of articles for consumption by Government officials, the army and navy, foreign travelers and diplomats, and also provides free admission for plants and animals for breeding purposes, and for ships stores, agricultural implements, books, and packing materials.

By an order of November 5, 1915, the provision of the law of 1912 which allowed free admission for reasonable quantities of machinery, apparatus, explosives, and chemicals imported by mining companies for use in gold, silver, and copper mines was extended to include the free admission of all these articles and of basic crude ores to be used as solvents when imported by refineries.

Assimilation of Korea’s Tariff, 1920.

Early in August, 1920, in special session, the Japanese Diet completed four laws which revised the tariff relations between Korea and the rest of the Japanese Empire. These laws and the regulations for their application became effective on August 29, the day upon which expired the pledge of August 29, 1910, for the maintenance of the open door in Korea. Of these laws the first (No. 50 of 1920) provides for the free importation of merchandise from Korea into Japan, except as may be specially provided (see below); the third deals with penal provisions; and the second and fourth deal with merchandise imported from Japan, Formosa, and Sakhalin into Korea.

These two laws (Nos. 51 and 58 of 1920) provide in general for the assimilation of the Korean tariff to that of Japan, but the assimilation is not complete, since, in applying the Japanese tariff to Korea, certain exceptions are made.40 The law likewise exempted imports

29 Art. VII, Order No. 20, governor general of Korea, Mar. 28, 1912.
30 These laws and regulations of 1920 include Formosa and Sakhalin throughout and they are included in the term Japan in the following discussion.
40 And since imports from Japan entering Korea were required, temporarily, to pay certain Korean duties, this postponement of the grant of full exemption for Japanese products was due to the fact that Japan’s share of the import trade of Korea was so large (over 57 per cent in 1920) that it would have embarrassed the treasury of the colony to sacrifice at one time so much revenue. (See the Seoul Press of Dec. 23, 1919, and May 30, 1920, and the Keijo Nippo of Dec. 21 and 22, 1919.) The law provided accordingly that imports from Japan should remain dutiable at the present tariff rates. But regulation No. 19 (Japanese Official Gazette, Sept. 2, 1912) introduced the important proviso that the rates upon imports from Japan should in no case be higher than those upon similar foreign products and provided for the collection of duty upon imports from Japan only until March 31, 1921, i. e., to the end of the Japanese fiscal year. A further provision of regulation 19 was that from the duties otherwise payable (temporarily) upon imports from Japan entering Korea should be deducted the amount of any drawback allowed in Japan upon the exportation of similar articles to foreign countries.
from Japan from the consumption duties of Korea. The tariff system of Korea is, therefore, similar to that of the French assimilated colonies, in that in both the industry of the mother country is protected by the tariff which protects the home market, but the Korean system is different, in that the consumption duties are not levied alike upon Japanese and foreign products. The Korean "consumption" taxes have thus become tariff rates for the protection of Japanese industry; and for the articles upon which these consumption taxes fall a result is obtained which is found only very exceptionally in French assimilated colonies and not at all in Porto Rico, namely, that the producers and manufacturers of the mother country receive a higher rate of protection in the colony than in the home market.

The Japanese tariff has not been applied in its entirety to Korea. Law No. 53 of 1920 provides the following exceptions: (a) Articles previously on the free list (see above) remain free; (b) a new free list is established containing seeds imported by public authorities, pine, fir, and cedar timber, coke, rolling stock (including fuel and food-stuffs for use thereon) going in or out for the transportation of passengers and goods, and the equipment for establishing at one place in Korea a plant capable of turning out 35,000 metric tons annually of pig iron or steel; (c) special rates are assigned to salt, tobacco, and mineral oils; (d) the Governor General is authorized, in case of emergency, to remove or reduce the duties upon beans, flour, and certain cereals.

While imports from Korea into Japan entered duty free, certain export duties are levied when they leave Korea, in accordance with complicated rules laid down in regulation No. 21. Thus articles upon which an excise is levied in Japan are dutiable, with certain exceptions, upon exportation from Korea to Japan at the same rate as upon exportation from other parts of the Empire. Articles which are duty free in Korea or dutiable at a lower rate than in Japan are dutiable upon exportation to Japan at an amount which makes the total import and export duty of Korea equal to the import duty levied in Japan upon the importation of similar articles from foreign countries. (This provision prevents the evasion of the Japanese tariff by importation through Korea.) The same article may be dutiable under both of the foregoing provisions. Textiles manufactured in the Japanese Empire and designated by the Governor General of Korea are dutiable at 10 per cent of the value of the textiles used as raw materials, and confectionery and sugar preserves are dutiable at 5 yen per 100 kin (133 pounds) of cane sugar contained therein.

To the older monopolies of salt and ginseng the Korean Government added a tobacco monopoly in 1921. On July 1 regulations very similar to those of the Japanese tobacco monopoly became effective for the control of the production, manufacture, importation, and sale of tobacco.

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42 The law provided that the following articles shall be exempted from the consumption tax: Alcoholic liquor, beer, refined sake, beverages containing alcohol, soy, sugar, molasses, syrup, textile goods, textile manufactures, petroleum, patent medicines, articles resembling patent medicines, playing cards. It is believed, though authoritative information is not available, that the list includes all or practically all of the Korean consumption taxes.

43 An ordinance of Sept. 12, 1919, exempted rice, millet, kaolin, wheat, and wheat flour, and on Mar. 1, 1920, red beans, soy beans, corn, and "hiye" (a millet) were added to the free list.

A special preferential arrangement, which promotes Japanese and Korean trade with Manchuria at the north Korean border, exists by virtue of agreements entered into between Japan and China with respect to goods which pass from Manchuria to Korea or vice versa by rail; that is, goods to or from points in the interior of Korea (or points elsewhere within the Japanese customs régime) which cross the Yalu Railway bridge between Antung on the Manchurian side and Hsin (or New) Wiju on the Korean side. The preference consists in a reduction in the Chinese, not the Korean, tariff; but, inasmuch as it applies to export as well as to import duties, it is, in respect to the former, equivalent in effect on trade to a reduction of the Korean import duty. The origin and nature of this arrangement are as follows: In the Russo-Chinese agreement of 1896 concerning the Chinese Eastern Railway it was provided that goods entering or leaving Manchuria by the railway should enjoy a one-third reduction of the regular customs duties. In the Chino-Japanese treaty of December 2, 1905 (The "Komura" treaty), by which China confirmed Japan in her possession of the privileges and properties which Russia had surrendered by the Portsmouth treaty, it was provided that "the Governments of Japan and China engage that in all that relates to frontier trade between Manchuria and Korea most-favored-nation treatment shall be reciprocally extended." Japan subsequently built a first-class railway from the Yalu River to Mukden, thus linking up the Korean trunk line with the Manchurian and Chinese lines and the Trans-Siberian. This having been done, the Japanese asked the Chinese Government for a reduction of the rates of duty upon imports and exports crossing the frontier by this railway, similar to that which had been accorded the Russians for rail-borne trade crossing the border of North Manchuria. China made this concession in an agreement of June 2, 1913. This agreement provides for a reduction by one-third of the Chinese import and export duties for rail-borne goods crossing the Yalu Bridge; but, to be entitled to this reduction, goods passing from Korea must have boarded the railway at points south of Hsin-Wiju, and goods from Manchuria must be destined for points beyond Hsin-Wiju. The reduction applies both to customs duties and to transit duties, but it can not be claimed for goods merely in transit through Manchuria. Theoretically the reduced rates apply to and affect equally the goods and trade of any and all shippers. In practice, however, inasmuch as most of the trade by this route is in Japanese and Korean hands, this special provision affords a distinct advantage to Japanese and Korean trade, in both directions, and not alone locally, in competition with the generally sea-borne and full-duty-paying trade of foreign merchants.  

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6 This specification was intended to prevent abuse of the privilege by use of Hsin-Wiju as a port for transfer between rail and steamer.

9 "When the one-third reduction in duty on goods imported into Manchuria from or through Chosen went into effect in 1913 the rail route through Antung [the Chinese fort at the northern end of the bridge] became cheaper for the Japanese exporter than the water route through Dairen or Newchwang. Arnold: Commercial Handbook of China (Report on Antung, by Consul John K. Davis), p. 394.
In the German-Chinese customs agreement of 1899 \(^{47}\) it was provided that the whole of the Kiaochow Leased Territory should be a free area; but by the agreement of 1905 \(^{48}\) the free area was limited to a specified restricted area at the port of Tsingtao. The Chinese maritime customs, administered locally by a commissioner of Japanese nationality, levies the duties payable on goods which pass the boundaries of this area, and pays 20 per cent of the receipts to the local government—the remaining 80 per cent going to the Chinese Government. The duties charged on imports to and exports from the hinterland which pass through the port are those of the Chinese tariff. These duties are specific, according to schedules which have been fixed on the principle of charging 5 per cent ad valorem. \(^{49}\) The Chinese system also provides for the (optional) payment of \(\frac{1}{2}\) per cent, or one-half of the customs duty, as commutation of likin, this payment to secure for the importer or exporter a transit pass which is supposed to free his goods from the imposition of any other charges. In the 1905 agreement (Sir Robert Hart and the German minister, Dec. 1, 1905), concerning the Tsingtao customs, it was specially provided that the following goods should be admitted duty free:

\((a)\) Articles for arming and outfitting the troops, including uniforms, if directly ordered by the military or naval authorities and if accompanied by certificate of the colonial government.

\((b)\) Stores and provisions ordered by the military or naval authorities in anticipation of future requirements, if accompanied by certificate of the colonial government.

\((c)\) Machinery, plant, as well as parts of machinery, implements and tools required for manufacturing, industrial, and agricultural purposes; also all building materials, fittings, and other articles for public and official works. * * *

\((d)\) Articles (vehicles and such like) passing to and fro between the free area and outside, solely for ordinary repairs; but they are to be reported to the customs officers, that their passing may be noted.

\((e)\) All postal parcels imported and destined for private use in German territory, if the duty which has to be taxed in accordance with the attached declaration does not exceed 81 (value 220). The customs are at liberty to examine such parcels and verify declarations as occasion demands.

\((f)\) The personal luggage of passengers, declared as not containing dutiable or contraband goods; it will only be examined in cases where the customs consider it especially necessary.

Manufactures produced within the Leased Territory from raw materials imported from the hinterland or by sea are, at reshipment, subject only to such duty payment as can be claimed under the Chinese tariff on the raw material.

When they began their attack on the Germans in 1914, the Japanese military forces seized the Shantung Railway, and since the fall of Tsingtao they have administered both the Leased Territory and the railway. For some months, none but Japanese vessels were permitted to enter Kiaochow Bay. Subsequently there has been much complaint that the privileges of duty free entry have been abused and that opium and arms are being imported into China illegally through the port of Tsingtao.

\(^{47}\) Rockhill: Treaties \ldots\ etc., Vol. II, p. 32.

\(^{48}\) Ib., p. 40.

\(^{49}\) Before 1914, German.

\(^{50}\) The latest revision of the Chinese tariff schedules—intended to render the 5 per cent ad valorem "effective"—was made in 1918-9.
The Russian Government, after securing the lease of Kwantung, declared the whole Territory a free area.51 By the Chinese-Japanese agreement of May 30, 1907,52 the whole Territory continues a free area. On imports by sea for local consumption and on exports of local produce or of merchandise manufactured from produce raised in or imported by sea no duties are collected.

Imports passing to, and exports which have originated in, the hinterland pay the duties of the Chinese tariff (including, at option, payment for transit passes). Goods manufactured within the Leased Territory from materials imported from the interior pay export duties "the same as * * * paid by articles in similar circumstances in the * * * Leased Territory of Kiaochow."53

As at Kiaochow, the customs administration is Chinese, the commissioner being of Japanese nationality. The customs offices are at Dairen, with a branch office at Pulantien, the railway station at the frontier.

The railway to the interior is owned and controlled by Japanese. In former years there was much complaint to the effect that Japanese imports passing to the interior were being favored both in regard to customs charges and in regard to transportation and other facilities afforded.

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I. INTRODUCTION.

THE NETHERLANDS' COLONIES.

The history of early Dutch colonization is the history of the Dutch East India and the Dutch West India Companies.

The Dutch East India Company, chartered in 1602 by the Netherlands States-General, was remarkably successful during the seventeenth century in contending with the Portuguese and the English for the control of the trade with the East. In 1619 the Company established its capital at Batavia, on the Island of Java, where the heart of the Netherlands' colonial empire has since remained. During the eighteenth century the Dutch East India Company, under pressure from the French and the English, lost important territories. At the close of the eighteenth century the company went into liquidation and the administration of its holdings was taken over by the Dutch Government. During the Napoleonic period all the Dutch colonies were seized by Great Britain, but in the settlement which followed 1815, the East Indies were restored. Throughout the nineteenth century the center of Dutch colonial interest remained in the islands of Java and Madura, on account of their great commercial importance and the large revenue which they yielded the Netherlands' treasury. Larger in area than the islands named, although much smaller in population and inferior in commercial importance,
are Sumatra, Borneo, Celebes, and the Molucca Islands—including New Guinea.

The Dutch West India Company, chartered in 1621, contested the western seas with Spain and Portugal, and established colonies in the West Indies and on the mainlands both of North and of South America. But in the New World, as in the Orient, the Dutch were intent upon maintaining a trading monopoly rather than upon colonization, and gradually here too their possessions were lost. They found it necessary in 1662 to surrender to the Portuguese all their territorial claims in Brazil. Two years later the English took from them the colony of New Netherlands. By way of compensation, at the peace of Breda in 1667, the British yielded their claim to the colony of Surinam (Dutch Guiana) which the Dutch had recently taken from them.

The wars of the French Revolution and the Napoleonic era brought the activities of both the East and the West India Companies to an end. After peace was made at Vienna in 1815, most of the Dutch colonies which Great Britain had seized during the war were restored—Ceylon and Cape Colony (South Africa) being conspicuous exceptions. In 1824 Great Britain recognized by treaty the position of the Dutch in the East Indies. The Netherlands took no part in the scramble for colonies and spheres of influence with which the nineteenth century closed. In location and in extent the Dutch colonial possessions have remained for a century substantially what they were at the close of the Napoleonic era.

**Area and Population.**

With a total area of 781,500 square miles, sixty-two times that of the mother country, the Dutch colonies have a total population estimated roughly at 50,000,000, nearly eight times the population of the mother country. From the point of view of colonial population, the Netherlands ranks third among colonial powers.

The area of the colonies and their population in 1913 are shown in the following table:

<table>
<thead>
<tr>
<th>Colony</th>
<th>Area (square miles)</th>
<th>Population (1913)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch East Indies:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Java and Madura</td>
<td>80,739</td>
<td>36,055,000</td>
</tr>
<tr>
<td>Sumatra</td>
<td>159,739</td>
<td>4,792,000</td>
</tr>
<tr>
<td>Celebes</td>
<td>72,079</td>
<td>2,678,000</td>
</tr>
<tr>
<td>Borneo</td>
<td>212,737</td>
<td>1,373,000</td>
</tr>
<tr>
<td>Bally and Lombi</td>
<td>4,065</td>
<td>1,207,000</td>
</tr>
<tr>
<td>Timor Archipelago</td>
<td>17,698</td>
<td>290,000</td>
</tr>
<tr>
<td>Molucca Islands</td>
<td>45,800</td>
<td>490,000</td>
</tr>
<tr>
<td>New Guinea</td>
<td>151,800</td>
<td>200,000</td>
</tr>
<tr>
<td>Riau Lingga Archipelago</td>
<td>16,301</td>
<td>157,000</td>
</tr>
<tr>
<td>Banca</td>
<td>4,446</td>
<td>113,000</td>
</tr>
<tr>
<td>Billiton</td>
<td>1,863</td>
<td>58,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>735,129</td>
<td>47,954,000</td>
</tr>
</tbody>
</table>

| Dutch West Indies:      |                     |                   |
| Dutch Guiana           | 46,680              | 91,000            |
| Curaçao                | 453                 | 87,000            |
| **Total**              | 46,683              | 148,000           |

*It was estimated in 1817 that there were over 47,000,000 natives; 833,000 other Orientals, mostly Chinese and Arabs; and 139,000 Europeans, mostly Dutch.

1 New York.

2 The area of the Netherlands is 12,582 square miles; population 6,779,000.
"No people," it has been said, "ever had so definite an aim in foreign and colonial policies as the Dutch, and none ever realized their aim more completely." From the first, their greatest object had been to secure and control the trade of the "Spice Islands." Those islands were finally left to them and the trade has been largely theirs. More important, however, intensive agricultural development of certain of their possessions—conspicuously Java—and the economic results obtained therefrom have given the Dutch a unique place among colonizing nations.

The Dutch East Indies, lying between Asia and Australia, extend east and west along the Equator through 46 degrees of longitude and 17 degrees of latitude. Their total area is more than six times that of the Philippines. Borneo, nearest to the Philippines, is divided between the Dutch and the British, the Dutch portion being nearly three-fourths of the whole. New Guinea, separated from Australia by a narrow strait, is also divided, the western half being Dutch and the eastern half British. The island of Borneo is larger than the State of Texas, and the Dutch portion alone is larger than Germany. Sumatra is a little larger than the State of California; Java is larger than Louisiana and larger than Cuba; the Celebes have an area greater than that of all New England. Borneo is rich in minerals. Sumatra is noted for its production of tobacco and coffee and its rubber plantations. Java, the most populous and the richest of the islands, is called, because of its fertility and production, "The Garden of the East.'

Trade.—The Dutch East Indies are of considerable commercial importance. In 1918 the total imports of the islands amounted to 568,000,000 florins (approximately $228,000,000) and the exports to 680,000,000 florins (approximately $273,000,000). By far the greater part of this trade has grown up since the abolition of the preferential tariff and the decline of the "culture system." Between 1876 and 1914 the total imports had increased 250 per cent while the exports had increased 220 per cent. Table 2 shows the imports and exports on Government account and by private interests for the years 1876, 1890, 1900, and 1914.

Table 2.—Total trade of the Dutch East Indies, 1876, 1890, 1900, and 1914.

<table>
<thead>
<tr>
<th>Year</th>
<th>On Government account</th>
<th>For private interests</th>
<th>Total</th>
<th>Total trade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Imports</td>
<td>Exports</td>
<td>Imports</td>
<td>Exports</td>
</tr>
<tr>
<td>1876</td>
<td>5,118,928</td>
<td>51,168,108</td>
<td>116,392,762</td>
<td>162,351,660</td>
</tr>
<tr>
<td>1890</td>
<td>9,602,331</td>
<td>17,185,178</td>
<td>150,574,366</td>
<td>159,401,442</td>
</tr>
<tr>
<td>1900</td>
<td>9,370,149</td>
<td>26,954,304</td>
<td>156,533,373</td>
<td>232,079,302</td>
</tr>
<tr>
<td>1914</td>
<td>31,865,977</td>
<td>58,435,735</td>
<td>305,535,514</td>
<td>646,119,254</td>
</tr>
</tbody>
</table>

*Jaarcijfers voor het Koninkrijk der Nederlanden, Kolonien, 1887, 1890, 1914.
*Most of the statistics given in this section as to export and import values of particular products are from the Netherlands East Indies Yearbook, Batavia, 1920.
*Florin = 0.402.
*See p. 462.
Table 3 shows the values of the exports of the Dutch East Indies for certain years of the period 1905–1917.

### Table 3.—Leading exports from the Dutch East Indies.

<table>
<thead>
<tr>
<th>Article</th>
<th>1905</th>
<th>1908</th>
<th>1911</th>
<th>1913</th>
<th>1917</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>83,993</td>
<td>172,283</td>
<td>134,334</td>
<td>156,610</td>
<td>212,455</td>
</tr>
<tr>
<td>Tea</td>
<td>7,118</td>
<td>8,430</td>
<td>13,610</td>
<td>21,544</td>
<td>38,785</td>
</tr>
<tr>
<td>Rubber</td>
<td>11,610</td>
<td>8,096</td>
<td>6,760</td>
<td>23,875</td>
<td>124,113</td>
</tr>
<tr>
<td>Copra</td>
<td>19,628</td>
<td>13,913</td>
<td>24,125</td>
<td>22,914</td>
<td>9,137</td>
</tr>
<tr>
<td>Tobacco</td>
<td>38,330</td>
<td>45,269</td>
<td>74,108</td>
<td>92,149</td>
<td>14,276</td>
</tr>
<tr>
<td>Copra</td>
<td>50,499</td>
<td>24,422</td>
<td>33,314</td>
<td>55,041</td>
<td>28,020</td>
</tr>
<tr>
<td>Java rice</td>
<td>4,450</td>
<td>5,609</td>
<td>8,299</td>
<td>9,035</td>
<td></td>
</tr>
<tr>
<td>Pepper</td>
<td>5,631</td>
<td>12,341</td>
<td>12,632</td>
<td>10,397</td>
<td>21,183</td>
</tr>
<tr>
<td>Tapioca products</td>
<td>1,973</td>
<td>4,361</td>
<td>3,343</td>
<td>9,069</td>
<td>10,938</td>
</tr>
<tr>
<td>Tin</td>
<td>15,791</td>
<td>2,912</td>
<td>4,375</td>
<td>5,035</td>
<td>29,803</td>
</tr>
<tr>
<td>Kapok</td>
<td>2,066</td>
<td>2,275</td>
<td>6,808</td>
<td>6,594</td>
<td>5,373</td>
</tr>
<tr>
<td>Petroleum and products</td>
<td>17,640</td>
<td>24,189</td>
<td>56,319</td>
<td>39,685</td>
<td>150,230</td>
</tr>
<tr>
<td>Refined sugar</td>
<td>4,586</td>
<td>5,683</td>
<td>7,267</td>
<td>3,281</td>
<td></td>
</tr>
<tr>
<td>Groundnuts</td>
<td>443</td>
<td>1,300</td>
<td>3,824</td>
<td>3,074</td>
<td>1,866</td>
</tr>
<tr>
<td>Cinchona bark</td>
<td>6,925</td>
<td>5,747</td>
<td>2,442</td>
<td>4,806</td>
<td>2,790</td>
</tr>
<tr>
<td>Skins</td>
<td>3,831</td>
<td>4,923</td>
<td>7,600</td>
<td>9,222</td>
<td>12,411</td>
</tr>
<tr>
<td>Damanak</td>
<td>1,907</td>
<td>2,963</td>
<td>2,281</td>
<td>2,798</td>
<td>3,080</td>
</tr>
<tr>
<td>Gambier</td>
<td>2,154</td>
<td>2,712</td>
<td>3,185</td>
<td>3,141</td>
<td>2,195</td>
</tr>
<tr>
<td>Cocoa</td>
<td>2,658</td>
<td>6,650</td>
<td>6,170</td>
<td>1,719</td>
<td>1,639</td>
</tr>
<tr>
<td>All other articles</td>
<td>23,665</td>
<td>89,481</td>
<td>41,097</td>
<td>77,143</td>
<td>95,172</td>
</tr>
</tbody>
</table>

Total: 285,988

1 Includes various gums.
2 Large increase due to the development of rubber plantations.

Table 4 gives the values of goods imported into the Dutch East Indies in the years for which exports were shown in the preceding table.

### Table 4.—Leading imports into the Dutch East Indies.

<table>
<thead>
<tr>
<th>Article</th>
<th>1905</th>
<th>1908</th>
<th>1911</th>
<th>1913</th>
<th>1917</th>
</tr>
</thead>
<tbody>
<tr>
<td>Place goods, bags, etc.</td>
<td>56,775</td>
<td>61,929</td>
<td>86,082</td>
<td>111,986</td>
<td>119,413</td>
</tr>
<tr>
<td>Rice</td>
<td>23,952</td>
<td>39,169</td>
<td>60,202</td>
<td>55,679</td>
<td>50,630</td>
</tr>
<tr>
<td>Machinery and steam engines</td>
<td>7,800</td>
<td>12,300</td>
<td>15,257</td>
<td>27,100</td>
<td>20,114</td>
</tr>
<tr>
<td>Iron and steel, and hardware</td>
<td>12,113</td>
<td>15,432</td>
<td>25,710</td>
<td>42,051</td>
<td>29,370</td>
</tr>
<tr>
<td>Foodstuffs, n. e. s.</td>
<td>19,533</td>
<td>22,800</td>
<td>34,000</td>
<td>30,583</td>
<td>23,418</td>
</tr>
<tr>
<td>Earthenware</td>
<td>2,284</td>
<td>3,134</td>
<td>3,694</td>
<td>6,126</td>
<td>3,059</td>
</tr>
<tr>
<td>Cement</td>
<td>929</td>
<td>1,401</td>
<td>2,688</td>
<td>3,915</td>
<td>3,304</td>
</tr>
<tr>
<td>Glass and glassware</td>
<td>906</td>
<td>1,288</td>
<td>1,940</td>
<td>2,478</td>
<td>1,733</td>
</tr>
<tr>
<td>Artificial manures</td>
<td>5,632</td>
<td>6,818</td>
<td>10,547</td>
<td>12,290</td>
<td>15,755</td>
</tr>
<tr>
<td>Paints, colors, etc.</td>
<td>1</td>
<td>1,332</td>
<td>2,565</td>
<td>3,719</td>
<td>2,364</td>
</tr>
<tr>
<td>Lamps</td>
<td>687</td>
<td>651</td>
<td>1,387</td>
<td>1,753</td>
<td>1,100</td>
</tr>
<tr>
<td>Matches</td>
<td>2,520</td>
<td>3,179</td>
<td>2,765</td>
<td>3,680</td>
<td>3,565</td>
</tr>
<tr>
<td>Coal</td>
<td>4,067</td>
<td>4,800</td>
<td>3,314</td>
<td>3,967</td>
<td>5,790</td>
</tr>
<tr>
<td>Soap</td>
<td>764</td>
<td>828</td>
<td>1,621</td>
<td>2,300</td>
<td>3,475</td>
</tr>
<tr>
<td>Automobiles</td>
<td>1</td>
<td>1,402</td>
<td>2,609</td>
<td>5,054</td>
<td>8,862</td>
</tr>
<tr>
<td>Tinplate</td>
<td>2,236</td>
<td>3,663</td>
<td>5,319</td>
<td>3,737</td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td>3,469</td>
<td>3,196</td>
<td>5,403</td>
<td>5,179</td>
<td></td>
</tr>
<tr>
<td>Yarn, weaving, binding</td>
<td>5,896</td>
<td>5,498</td>
<td>8,022</td>
<td>6,098</td>
<td></td>
</tr>
<tr>
<td>Distilled liquors</td>
<td>2,352</td>
<td>2,287</td>
<td>2,798</td>
<td>2,930</td>
<td></td>
</tr>
<tr>
<td>Fancy goods</td>
<td>3,958</td>
<td>5,455</td>
<td>6,128</td>
<td>4,540</td>
<td></td>
</tr>
<tr>
<td>Milk, condensed</td>
<td>1,375</td>
<td>4,936</td>
<td>2,452</td>
<td>2,659</td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td>3,318</td>
<td>4,254</td>
<td>5,075</td>
<td>5,911</td>
<td></td>
</tr>
<tr>
<td>Tea</td>
<td>2,083</td>
<td>2,349</td>
<td>2,969</td>
<td>3,437</td>
<td></td>
</tr>
<tr>
<td>Kerosene and gasoline</td>
<td>2,600</td>
<td>4,000</td>
<td>3,000</td>
<td>7,781</td>
<td></td>
</tr>
<tr>
<td>Cigarettes</td>
<td>323</td>
<td>1,063</td>
<td>1,643</td>
<td>20,822</td>
<td></td>
</tr>
<tr>
<td>All other articles</td>
<td>63,061</td>
<td>39,091</td>
<td>62,285</td>
<td>81,233</td>
<td>109,828</td>
</tr>
</tbody>
</table>

Total: 196,168

436,683

484,704
THE DUTCH WEST INDIES.

Compared with the Dutch East Indies, the western possessions of the Netherlands are, in point of size, population, commercial importance, and value to the motherland, almost negligible.

Surinam, or Dutch Guiana, on the north coast of South America, and the six islands off the coast of Venezuela, of which Curaçao, which gives its name to the group, is the chief, instead of providing Holland with a steady source of revenue, as the East Indian possessions did for so many years, make a constant drain on the Netherlands treasury—both because the home Government undertakes the payment of certain fixed expenses of these colonies, and because the mother country is forced to pay subventions to make up the annual deficits. In 1918 the subventions alone amounted to some 2,000,000 florins ($800,000).

Surinam was at one time a profitable sugar colony and gave promise of outranking in commercial importance the Eastern possessions of the Netherlands. It has, however, been retarded mainly by the lack of labor. Efforts have been made to supply this need by introducing Javanese, but without success.

Curaçao is small; the entire area of the group is only 403 square miles, and the population is but 57,380. The real native (Indian) population is insignificant, as the inhabitants are chiefly negroes or coolies. Less than 1 per cent of the population are natives of Holland. It is important as an entrepôt rather than as a producing region. Curaçao is sometimes spoken of as the "Hongkong of the Caribbean." Before the war the fine harbor at Willemstad served for the transshipment of many million dollars worth of coffee, cocoa, divi-divi (a dyewood), hardwoods, and other Venezuelan, Colombian, and West Indian products which were transshipped to Europe and the United States.

Trade.—Imports into Surinam fell off steadily for several years preceding 1916. In thousands of florins they were for the years from 1911 to 1915, inclusive, respectively, 8,274, 7,494, 7,113, 6,400, and 5,446. For 1916, 1917, and 1918 the corresponding figures were 5,911, 7,646, and 1,158. The exports which had reached a high point of 9,457,787 florins in 1913 fell off in 1914 by almost a third. Since then they have increased, and in 1917 they amounted to 8,852,170 florins, but in 1918 fell again to 7,080,019. The chief products are sugar, cocoa, bananas, coffee, rice, maize, rum, and molasses.

The imports of the island of Curaçao and of the other islands of the colony of Curaçao in 1918 amounted to 7,307,823 florins. The exports of the colony for the same year were 2,685,828 florins. The chief products are maize, beans, pulse, cattle, salt, and phosphate of lime. The chief industry is oil refining.

Trade Between the Netherlands and the Colonies.

The extent of the trade of the Dutch East Indies with the various countries of the world is shown by the figures given in the following table:

---

### Table 5.—Imports and exports of the Dutch East Indies, 1905, 1913, and 1917.

[In thousands of florins.]

#### EXPORTS.

<table>
<thead>
<tr>
<th>Country or place of destination</th>
<th>1905</th>
<th>1913</th>
<th>1917</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>% of total</td>
<td>Value</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>80,443</td>
<td>28.1</td>
<td>172,616</td>
</tr>
<tr>
<td>Singapore</td>
<td>39,457</td>
<td>20.8</td>
<td>109,671</td>
</tr>
<tr>
<td>Great Britain</td>
<td>8,162</td>
<td>2.9</td>
<td>25,984</td>
</tr>
<tr>
<td>British India (including Pondicherry)</td>
<td>12,337</td>
<td>4.4</td>
<td>88,924</td>
</tr>
<tr>
<td>Hongkong</td>
<td>33,221</td>
<td>11.8</td>
<td>34,193</td>
</tr>
<tr>
<td>France</td>
<td>16,604</td>
<td>5.9</td>
<td>26,715</td>
</tr>
<tr>
<td>Australia</td>
<td>3,249</td>
<td>1.1</td>
<td>12,847</td>
</tr>
<tr>
<td>Japan (including Formosa)</td>
<td>12,847</td>
<td>4.5</td>
<td>35,812</td>
</tr>
<tr>
<td>Penang</td>
<td>11,903</td>
<td>4.1</td>
<td>19,934</td>
</tr>
<tr>
<td>China</td>
<td>5,185</td>
<td>1.8</td>
<td>17,099</td>
</tr>
<tr>
<td>Egypt (including Suez for orders and Port Said for orders)</td>
<td>24,481</td>
<td>8.6</td>
<td>6,478</td>
</tr>
<tr>
<td>United States</td>
<td>12,318</td>
<td>4.3</td>
<td>15,831</td>
</tr>
<tr>
<td>Germany</td>
<td>3,886</td>
<td>1.4</td>
<td>14,307</td>
</tr>
<tr>
<td>Malakka</td>
<td>5,638</td>
<td>1.9</td>
<td>2,007</td>
</tr>
<tr>
<td>All other countries</td>
<td>9,709</td>
<td>3.2</td>
<td>36,547</td>
</tr>
<tr>
<td>Total</td>
<td>285,988</td>
<td>100.0</td>
<td>614,205</td>
</tr>
</tbody>
</table>

#### IMPORTS.

<table>
<thead>
<tr>
<th>Country or place of origin</th>
<th>1905</th>
<th>1913</th>
<th>1917</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>% of total</td>
<td>Value</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>60,754</td>
<td>30.9</td>
<td>145,259</td>
</tr>
<tr>
<td>Great Britain</td>
<td>31,951</td>
<td>16.6</td>
<td>76,571</td>
</tr>
<tr>
<td>Singapore</td>
<td>40,028</td>
<td>21.9</td>
<td>87,837</td>
</tr>
<tr>
<td>Germany</td>
<td>5,339</td>
<td>2.8</td>
<td>56,770</td>
</tr>
<tr>
<td>British India (including Pondicherry)</td>
<td>12,497</td>
<td>6.9</td>
<td>22,794</td>
</tr>
<tr>
<td>French Indo-China</td>
<td>2,001</td>
<td>1.0</td>
<td>15,560</td>
</tr>
<tr>
<td>Penang</td>
<td>16,041</td>
<td>8.5</td>
<td>7,563</td>
</tr>
<tr>
<td>Australia</td>
<td>2,737</td>
<td>1.4</td>
<td>10,573</td>
</tr>
<tr>
<td>United States</td>
<td>3,826</td>
<td>1.7</td>
<td>8,991</td>
</tr>
<tr>
<td>China</td>
<td>2,168</td>
<td>1.1</td>
<td>2,231</td>
</tr>
<tr>
<td>Hongkong</td>
<td>4,114</td>
<td>2.1</td>
<td>4,434</td>
</tr>
<tr>
<td>Japan (including Formosa)</td>
<td>2,372</td>
<td>1.2</td>
<td>5,769</td>
</tr>
<tr>
<td>Italy</td>
<td>2,123</td>
<td>1.1</td>
<td>4,339</td>
</tr>
<tr>
<td>Belgium</td>
<td>555</td>
<td>0.3</td>
<td>6,198</td>
</tr>
<tr>
<td>France</td>
<td>1,285</td>
<td>0.7</td>
<td>3,432</td>
</tr>
<tr>
<td>Siam</td>
<td>284</td>
<td>0.2</td>
<td>4,144</td>
</tr>
<tr>
<td>Switzerland</td>
<td>307</td>
<td>0.2</td>
<td>1,063</td>
</tr>
<tr>
<td>All other countries</td>
<td>1,756</td>
<td>0.9</td>
<td>4,176</td>
</tr>
<tr>
<td>Total</td>
<td>196,168</td>
<td>100.0</td>
<td>436,683</td>
</tr>
</tbody>
</table>

1 Note the falling off in Dutch East Indies exports to the Netherlands from approximately 28 per cent of the total in 1905 and 2.5 per cent in 1917, and the decrease in the mother country's share of the colony's imports for the same years from a little over 40 per cent to 10-3 per cent. During this period the colony's exports to the United States rose from 4.6 per cent of its total exports to 25.8 per cent while the share of its imports coming from the United States increased from 1.7 per cent to 13 per cent. This shift, however, was due primarily to war influences, and it is impossible to determine at present how permanent it is. See p. 465.

2 Other than goods imported or exported on Government account and exclusive of gold and silver.

Before the war a third of the imports (by value) of the Dutch East Indies came from the Netherlands. The percentages were 36.1 and 33.3, respectively, for the years 1908 and 1913. The values of the total imports and of the imports from the Netherlands for the principal articles imported and for the years named are given in the following table:
### Table 6.—Total imports, and imports from the Netherlands of certain leading articles in the trade of the Dutch East Indies: 1908 and 1913.

<table>
<thead>
<tr>
<th>Article</th>
<th>1908</th>
<th>1913</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>From the Netherlands</td>
</tr>
<tr>
<td>Fleece goods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotton</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unbleached</td>
<td>9,220</td>
<td>4,545</td>
</tr>
<tr>
<td>Bleached</td>
<td>23,001</td>
<td>13,295</td>
</tr>
<tr>
<td>Printed or dyed</td>
<td>26,334</td>
<td>8,786</td>
</tr>
<tr>
<td>Woolen and half wooden</td>
<td>1,054</td>
<td>913</td>
</tr>
<tr>
<td>Machinery and steam engines</td>
<td>12,501</td>
<td>1,878</td>
</tr>
<tr>
<td>Earthenware</td>
<td>3,134</td>
<td>2,205</td>
</tr>
<tr>
<td>Yarns</td>
<td>5,903</td>
<td>1,569</td>
</tr>
<tr>
<td>Glass and glassware</td>
<td>1,298</td>
<td>582</td>
</tr>
<tr>
<td>Foodstuffs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Butter</td>
<td>2,067</td>
<td>1,276</td>
</tr>
<tr>
<td>Cheese</td>
<td>220</td>
<td>212</td>
</tr>
<tr>
<td>Milk</td>
<td>1,375</td>
<td>1,247</td>
</tr>
<tr>
<td>Distilled beverages</td>
<td>2,400</td>
<td>1,392</td>
</tr>
<tr>
<td>Beer</td>
<td>1,328</td>
<td>332</td>
</tr>
<tr>
<td>Wine</td>
<td>1,931</td>
<td>605</td>
</tr>
<tr>
<td>Cement</td>
<td>1,411</td>
<td>824</td>
</tr>
<tr>
<td>Drugs and medicines</td>
<td>2,533</td>
<td>949</td>
</tr>
<tr>
<td>Clothing, etc.</td>
<td>4,229</td>
<td>956</td>
</tr>
<tr>
<td>Fancy goods, or notions</td>
<td>3,956</td>
<td>1,944</td>
</tr>
<tr>
<td>Lamps</td>
<td>651</td>
<td>248</td>
</tr>
<tr>
<td>Matches</td>
<td>3,179</td>
<td>924</td>
</tr>
<tr>
<td>Paper and paper goods</td>
<td>3,318</td>
<td>1,421</td>
</tr>
<tr>
<td>Cigars</td>
<td>1,066</td>
<td>707</td>
</tr>
<tr>
<td>Fertilizers, chemical</td>
<td>6,851</td>
<td>3,878</td>
</tr>
<tr>
<td>Soap</td>
<td>686</td>
<td>328</td>
</tr>
<tr>
<td>Paints, etc.</td>
<td>1,332</td>
<td>876</td>
</tr>
<tr>
<td>Automobiles</td>
<td>1,402</td>
<td>772</td>
</tr>
<tr>
<td>All other articles</td>
<td>121,591</td>
<td>26,181</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>243,272</td>
<td>87,935</td>
</tr>
</tbody>
</table>

In the seventeenth century the chief staple of the East Indian export trade was spices; in the eighteenth, tea and coffee took first place, and sugar rose to importance. In recent years the production of tobacco, copra, and plantation rubber has rapidly developed; and spices have sunk to an insignificant part of the whole. When the Dutch came to the archipelago, Java rice was the chief article of cultivation; the subsequent diversification of crops and the great growth in population have led to its being necessary at times to import considerable quantities of rice. Nevertheless one-half of the land under cultivation in Java is in rice, and exports of rice continue. In the year 1917, 11,480,345 acres were devoted to that crop out of a total area of 20,698,666 acres under cultivation.\(^{10}\) Next to Cuba the Dutch East Indies is the greatest cane-sugar exporting region. The destination of Dutch East Indies' sugar product has shifted considerably during the last 50 years. In 1874, 37 per cent of it went to the Netherlands and almost as much to Great Britain; later the greater part went to the United States, but since 1902 East Asia and Australia have been the chief markets. Java tea goes principally to the Netherlands and Great Britain; tobacco to the Netherlands; rubber to Great Britain, the Netherlands, and the United States; coffee to the

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\(^{10}\) Jaarkevers (Kolonieën), 1917. (For earlier figure see Reimisch, Paul S.: Colonial Administration, New York, 1905, p. 285.)
Netherlands, France, and the United States; tin to the Netherlands and France; and kapok, a vegetable fiber, to the Netherlands and the United States.

The Netherlands' share of both the export and the import trades of the Dutch East Indies colonies may be somewhat larger than the official figures show, owing to the fact that Singapore, a free port, in the British Straits Settlements, with a considerable transshipping trade, plays a large part in the Dutch East Indian trade. At Singapore large quantities of goods from all parts of the world merely change bottoms or are landed, stored, and then reshipped; Singapore frequently appears both in export and in import statistics as the destination or source of these goods.

The war has had a marked effect on the commercial relations between the East Indies and the mother country. The crippling of communication between Asia and Europe greatly impaired Holland's position as a transshipment center for Dutch East Indian goods, and caused the development of direct shipping and trade relations between the Dutch East Indies and Asiatic and American countries. This rerouting was particularly the case with the trade with the United States. Before the war the directorates of many of the large East Indian establishments were in Europe. A large number of these concerns kept the entire disposal of their produce to themselves, bringing it to European, and very largely to Dutch, markets. The war has compelled many of these firms to dispose of their products in the Java market.

The Dutch, although viewing these developments with alarm, appear to realize that Holland can not maintain her somewhat artificial position as a transshipment center for Dutch East Indian products not bound for Europe. They also perceive that the resources of the colonies must be further developed. Accordingly, a new policy of inviting foreign capital to cooperate with Dutch capital and leadership in developing East Indian resources appears to have been adopted.

As to her western possessions, the year before the war, Holland's share of Surinam's imports was 56 per cent and of its exports 40 per cent. This large proportion appears, however, to be due not to any concealed tariff preference, but to the usual causes which tend to make the mother country figure in the trade of a colony. These, in the case of Surinam, are reinforced by its lack of general commercial importance, in consequence of which ships of nations which have no special sentimental interest in the colony are little attracted to its ports; and also by the fact that the Dutch steamship lines touching at Holland's western possessions received considerable subsidies in the guise of postal subventions.

11 In 1917, 20 per cent of the imports and 25 per cent of the exports.
13 "This change is causing some anxiety in Rotterdam and Amsterdam." War Trade Board Report on Dutch East Indian Trade; cf. Journal of Commerce, New York, Aug. 8, 1918; ibid., Nov. 18, 1918, p. 9.
14 "The Dutch tropical lands are, like those of other nations, practically undeveloped." Keller, A. G.: Colonization, New York, 1908, p. 405; cf. L. R. Freeman's article on "The Dutch in Malaysia," Contemporary Review, April, 1914, in which the author points out in considerable detail that the resources of the islands outside of Java have either been ignored or "wastefully worked out and abandoned like exhausted mines.
15 "Cremer, J. T.: An Example, International Free Trader, Boston, January, 1919. In this article the Netherlands Minister to the United States cites the recent development, by United States rubber interests, of Sumatra rubber plantations "now the largest in the world"—as proof that not only is "our door opened for commerce but also for certain investments and concessions of another nature. In fact, for the purpose of cultivating waste soil, for working manufactories, etc., the foreigner can cooperate with Holland or native industries on easy conditions."
III. Government of the Colonies and Making of Tariffs.

From the governmental point of view, the colonies are three in number—the East Indies, Curaçao, and Surinam. All three are under the administration of the minister of colonies in Holland. The Dutch East Indies has a governor general; Curaçao and Surinam have each a governor.

Administration of the Dutch East Indies.

For purposes of administration the Dutch East Indian possessions are divided into two parts—first, Java and Madura; and, second, the Outposts (Buitenbezittingen), comprising the remaining islands. Java and Madura are subdivided into provinces and residences while the Outposts are subdivided into governments and residences. In the many cases where native sovereigns are permitted to exercise a nominal rule they take their instructions amounting to commands from Dutch residents.

After the dissolution of the Dutch East India Company at the close of the eighteenth century the colony had a varied experience in forms of government. In 1824 the Netherlands States-General for the first time attempted to take part in colonial affairs. From that time on the legislature slowly extended its authority over Dutch East India. The democratic movement of 1848 resulted in the granting to the colonies in 1854 of a kind of constitution (Regeerings Reglement). In 1917 there was instituted in the islands a People’s Council (Volks Raad), and recently a considerable measure of local self-government has been introduced.

The governor general, whose authority is very great, is assisted by a council of five members. This council determines, subject to the governor general's approval, the entire local governmental policy and administration. Under it are the nine general departments or bureaus, among which are finance, justice, and agriculture.

Finance.

Dutch financial policy experienced three phases in the nineteenth century. Before 1830 a system of land taxation was tried but found unsuccessful because of administrative difficulties and the need of increased revenues. During the period from 1830 to 1860 the "culture" system was added to the land tax system. Following the reforms of the sixties and the gradual abandonment of the "culture" system new taxes were introduced to offset the decline in the revenues from the "cultures," and direct governmental administration was substituted for the earlier farming out of the taxes.

Since 1867 the Dutch Parliament has voted the budget of the Dutch East Indies. The budget is drawn up provisionally by the governor general, the Volks Raad may discuss it, and it is subject to revision by the home Government. It is prepared in four parts, each ratified by a separate law. One law governs the expenditures in the colonies, one the revenue in the colonies, and the remaining

18 See p. 402.
two deal with the expenditures and revenues of the Dutch East Indian Government in the Netherlands. The entire budget with an explanatory message from the colonial minister, is submitted to a committee of five in the lower house of the Dutch Parliament.

After the budget has been passed, the governor general has power to change its provisions through and within the authority granted him to make transfers of appropriations within the limits of a subdivision. As the subdivisions of the budget are rather broad, this power is practically legislative in nature. The budget is administered according to the provisions of the finance act of 1864, which has been repeatedly revised and amended. In 1912 this act was amended to make the Dutch East Indies a person at law, with power to raise loans on its own account.

In the states still under native rule, public exchequers have been established in order to separate the public revenues from the personal incomes of the native rulers. In 1914 there were about 80 such states.

The principal taxes in Dutch East India now are the land tax, levied upon the natives by villages rather than as individuals; the business tax, collected from natives, Europeans, and alien Orientals on different bases; a consumption tax (mainly on house rent, furniture, and horses and carriages) imposed on Europeans and foreign Orientals; a tax on public sales; a poll tax, which is mainly a commutation of the earlier labor dues; import and export duties; excises; and certain Government monopolies. The chief sources of revenue have been the Government monopolies and Government industries. The land tax comes next. The leasing of certain privileges is a source of some small revenue. Excise duties, levied on matches, domestic liquors, petroleum, and, in Borneo, on tobacco, bring in considerable amounts yearly. Imports and export duties make up but a small percentage of the revenues.

The total expenditures of the Dutch East Indies increased between 1906 and 1916 by about 130 per cent. The revenues and expenditures of the years 1918, 1919, and 1920 (estimated), which have been greater than those of any preceding period, were as follows:

**Table 7.—Revenues and expenditures.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenditure</th>
<th>Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td>384,694,066</td>
<td>490,859,021</td>
<td>106,164,955</td>
</tr>
<tr>
<td>1919</td>
<td>397,677,584</td>
<td>544,191,895</td>
<td>156,144,311</td>
</tr>
<tr>
<td>1920</td>
<td>485,880,715</td>
<td>565,690,216</td>
<td>79,809,501</td>
</tr>
</tbody>
</table>

1 Statesman's Year-Book, 1920.

**ADMINISTRATION OF THE DUTCH WEST INDIES.**

Surinam is administered by a governor and a council of five members (of which the governor is president) appointed by the Crown.


10 This land tax levied upon the natives is paralleled by a tax on real property which is held by title in the European manner.

11 The average payment per capita in 1895 by natives in Java and Madura was 1.73 florins; while Chinese with a higher tax rate, paid 16.56 florins per capita. Europeans paid as a business tax 2 per cent of the net income received from any form of gainful enterprise.

185763^—22——30
There is also a representative body in the colony called the "Colonial States," the members of which are chosen for six years.

Curaçao has a governor who is assisted by a council of four members. There is also a colonial council of thirteen members nominated by the Crown. The different islands of the colony of Curaçao, with the exception of the island of Curaçao, are under officials who are nominated by the Crown.

**Finance.**

In Surinam the governor and the Colonial States may in theory determine the revenue and expenditures of the colony, subject to the approval of the Crown. The salary of the governor and the expenses of the army and navy are paid by Holland and are for that reason removed from the governor's sphere of action. In practice, too, the budget is generally acted on by the Dutch Parliament, under the provision that if it is not submitted within the proper time, or if it is unsatisfactory to the Crown, or if the revenue provided is insufficient to cover the expenditures, and the financial aid of the mother country is invoked, the control of the budget passes to the home government.\(^{22}\) In Curaçao the revenue and expenditures may be passed upon by the governor and the colonial council, but as a matter of fact the Dutch Parliament ordinarily enacts such legislation.

Neither in Surinam nor in Curaçao was there an indigenous civilization with an established tax system as there was in the East Indies. Hence the system of taxes is entirely of European device. The revenues are derived from import and export duties, excises, land taxes, personal imposts, and certain indirect taxes. Import duties and the internal tax on liquor are the most important sources of revenue. Export duties were maintained in Surinam until 1895, when they were replaced by a tax on gold production. The revenues are insufficient to meet the expenditures, however, and the deficit is made up by subventions.

In 1920 the revenues, expenditures, and subventions in the case of Surinam were as follows: Expenditures, 5,152,000 florins; local revenue, 3,527,000 florins; subvention, 1,555,000 florins.\(^{23}\) Between 1881 and 1895 Curaçao was self-supporting, but in the latter year there was a deficit of 80,388 florins which the home Government had to make good, and since then subventions have been paid regularly. The subvention for 1919 was estimated at 793,722 florins.

III. Colonial Tariff Policy and System.

**Dutch Tariff Policy.**

As far back as her history as a colonizing power goes, Holland has cherished free-trade traditions. During the seventeenth and eighteenth centuries, while the competing nations of western Europe were employing protectionist methods in the interest of their manufactures, Holland pursued a more liberal commercial policy. It was not, indeed, that she adopted free trade as an abstract principle but

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\(^{23}\) Statesman's Year-Book, 1920.
rather from motives of self-interest. Wherever possible she sought special trading privileges for herself.

Most of the Dutch wars were waged for commercial purposes, and nearly all their wars were closed by a commercial treaty by which the Netherlands strove to secure preferential treatment, not freedom of trade for themselves.25

At the close of the Napoleonic war the Dutch adopted a policy of moderate protection. Differential tonnage duties were established in favor of Holland's flag; also, corn duties; and bounties were paid on the exportation of sugar refined in Holland. The tariff duties were, however, relatively low. After Belgium separated from Holland, in 1830, the Dutch reduced these tariff duties. In 1842 the import duties on yarns, threads, and woven goods ranged from one-half of 1 per cent on linen yarn to 10 per cent on lace. Cotton woven goods of all kinds paid 4 per cent. At that time goods imported in Dutch vessels or in vessels of countries with which Holland had treaties of reciprocity paid 10 per cent less than the general duties.26

The tariff act of 1862, in addition to abolishing export duties, levied ad valorem duties in place of practically all of the earlier specific duties and lowered the rate, making 5 per cent the maximum amount charged.27 This was the rate charged on manufactured goods. Semimanufactured goods paid 2 or 3 per cent, and raw materials were admitted free. These low rates have been continued to the present time, with some modifications.

In recent years there has been considerable agitation in favor of a protective tariff, directed chiefly against Germany. It is contended, however, by the free traders that Holland has not a sufficiently large consuming population to form a basis for a self-contained economic unit. There has for some time been talk of a protective tariff to insure the permanence after the war of the new industries which the war has called into being, but there seems little likelihood that the principle of virtual free trade will be displaced.

Occasionally there is a revival of a proposal to grant special tariff privileges in Dutch ports to colonial goods, but it seems unlikely that anything will come of the discussion, since nearly all foreign products are now admitted either free or at very low rates of duty.

TARIFF POLICY IN REFERENCE TO THE COLONIES.

The interest of the Dutch as traders which had led them to adopt a liberal commercial policy at home did not operate in the same direction in the Dutch colonies. There "they fought for a trading monopoly wherever they went."28 Exclusive privileges were given to great trading companies in the east and the west, and these companies sought in the spirit of the age to extract the full benefit of their concessions. After the fall of the companies at the close of the eighteenth century the monopolistic spirit still prevailed in the relation of Holland to her colonies, especially in the East Indies. Here the Dutch Government enjoyed a monopoly of the chief exportable products, not only as against foreign nations, but also as against its own subjects. The manner in which this monopoly was exercised is set forth in the following section.

26 MacGregor, John: Commercial Tariffs and Regulations, Pt. VI, p. 105.
27 See the introduction to Tarif des Königreiche der Niederlanden, Haag, 1862.
28 Barker, J. Ellis: The Rise and Decline of the Netherlands, p. 132.
Legislation was adopted in 1872 looking toward the abolition of preferential tariff treatment for Dutch goods in the ports of the East Indies, and at the present time Holland does not enjoy any tariff advantages there, just as the colonies do not have a preference in the ports of the mother country. Any attempt on her part to impose a differential duty in the colonies in favor of her own manufactures might in the end be highly injurious to her, since she is not a manufacturing but rather a commercial and a carrying nation, and such a policy would suggest retaliation on the part of foreign countries against the products of the Dutch East Indies, in which she is directly interested. Dr. Heringa speaks of a proposal which was made by a member of Parliament in 1880 to reintroduce differential duties in the Dutch East Indies in the interest of "the declining textile industry" of the Netherlands, which was said to be "bleeding to death" in consequence of the adoption of protection by Germany, but he makes no mention of any later agitation in this direction.  

A certain amount of manufacturing activity is beginning to show itself in the islands, and there is a demand in some quarters that this be fostered by a protective tariff. This movement has not, however, been generally supported, but an alternative proposal, made in 1918, that half a million florins be set aside as a fund to support the infant industries in the Dutch East Indies by means of bounties has met with more favorable consideration. The natives, however, who, through the recently established people's council (Volks Raad), are given some opportunity to express their views, oppose this as being purely in the interest of the Europeans.

JAVA, "CULTURE" SYSTEM AND MONOPOLIES.

In spite of the broad expanse of her island empire in the East Indies, Holland has in the past devoted her colonizing efforts mainly to the cultivation and development of Java and the neighboring island of Madura. Sumatra, Borneo, Celebes, and the Moluccas, although larger in area, are very much inferior in number of inhabitants and are officially reckoned among the "Outposts." It is upon her success in Java that the fame of the Netherlands as a colonizing power chiefly rests. Java is almost the only colony of modern times which, for any considerable length of time, has furnished a large and regular revenue to the mother country. During the 40 years which followed 1830 this island, with its large Malay population and its small leaven of Dutch overseers and officials, poured into the Dutch treasury a stream of treasure whose exact volume is not known, but which is estimated at over $360,000,000, and which has served to reduce the national debt, to build railroads at home, and later to pay the expenses of the war against the natives of northern Sumatra.

The system whereby this was effected was the so-called "culture" system. According to the theory of this system the Dutch, in commutation of an old rent and labor tax, required the natives to plant one-fifth of the village lands in sugar cane or other crop suitable

for export, such as tea or coffee, and to devote one day's labor in seven to the cultivation of the crop. One-third of the sugar crop thus produced was taken over by the Government at a nominal cost, while the remaining two-thirds might be sold to the Netherlands Trading Company, which held the monopoly of transport and sale of Government produce. 22 The culture system was remarkably successful in producing revenue for the mother country, and, according to a romantic version which has a wide vogue in the literature of the subject in the English language, it was of incalculable benefit to the natives. 23 But in practice it appears to have involved much experimentation at the expense of the natives in the introduction of crops unsuited for the island. Moreover, it frequently proved inconvenient to restrict the burden to one-fifth of the land or one-seventh of the labor time, and there often resulted a great amount of hardship from the excessive labor demands. 24

Liberal sentiment in the Netherlands finally demanded reform, both on the ground that the system was "a cruel and unjust exploitation of the natives, and because it practically excluded individual enterprise from the agricultural industry" in the colony, 25 and in the period between 1860 and 1865 the Government cultures of tea, tobacco, indigo, pepper, and cinnamon were given up. 26 By 1890 the transition had been made from forced to free culture of sugar, and the only Government culture that continued into the twentieth century was the very profitable coffee culture.

During the period of the culture system there were also in effect preferential tariffs in favor of Dutch goods and Dutch shipping, which, in conjunction with the government monopoly and control of the export trade, gave the Dutch virtually a monopoly of the import trade. Thus the Dutch merchants and carriers were permitted to levy a tribute upon the colony's imports at the same time that the Dutch nation through the monopolistic culture system levied a tribute on its exports. During the prevalence of the culture system less than 3 per cent of the total Dutch population of the islands were engaged in gainful occupations on private account and independent of the government monopoly. With the decline of the culture system and with the abolition of preferential duties in 1874, Dutch individual initiative in the islands was given a chance. Foreign enterprise, however, continued to be restricted and hampered, in some instances by general laws—such as those of the land system, whereby title to the soil remains in the Dutch government and by which foreigners were discriminated against in the leasing of the land 27—sometimes by petty regulations. The coasting trade, moreover, is still reserved exclusively to Dutch vessels. Thus the virtual monopoly, at least of agriculture and internal trade and

23 For an account of the origin and spread of this view see Day, Clive: The Dutch in Java, p. 253.
24 A scientific critic in summing up the effects of the culture system says: "The forced services proved to be an intolerable burden in many parts of the island * * *. Populous regions lost as much as one-half or two-thirds of their inhabitants through emigration * * *. In the famine of 1849-1850 over one-third of a million people died in central Java, in one of the richest parts of the earth, which now maintains a population that has doubled in numbers." Day, Clive: The Dutch in Java, p. 315.
27 Ibid., p. 374.
commerce, simply passed from the government of Holland to individual Hollanders. 36

About 90 per cent of the world’s production of cinchona bark is obtained from Java, the rest coming from British India, Ceylon, and Latin America. Dutch manufacturers early insisted on receiving the entire Java product; until 1916 almost the entire export was shipped to Holland; later, Japan was permitted to take 10 per cent of the product; and finally, British manufacturers succeeded in buying by contract from the British planters in Java. During the past three years Great Britain and the United States became large scale buyers. According to official statistics, the exports of cinchona bark from Java in recent years have been as follows: 39

<table>
<thead>
<tr>
<th>Country</th>
<th>1913</th>
<th>1914</th>
<th>1915</th>
<th>1916</th>
<th>1917</th>
<th>1918</th>
<th>1919 (10 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holland</td>
<td>9,359</td>
<td>6,842</td>
<td>5,870</td>
<td>8,811</td>
<td>1,101</td>
<td></td>
<td>264</td>
</tr>
<tr>
<td>Great Britain</td>
<td>34</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,177</td>
</tr>
<tr>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>British India</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,156</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>415</td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>106</td>
</tr>
<tr>
<td>Total</td>
<td>9,393</td>
<td>6,844</td>
<td>5,873</td>
<td>8,845</td>
<td>2,542</td>
<td>2,439</td>
<td>4,645</td>
</tr>
</tbody>
</table>

OBJECTIVES IN COLONIAL POLICY.

The development of agriculture and of the external commerce of the islands has become more important to Holland and to the prosperity of the Dutch than the retention of the islands as a market where Dutch wares shall receive the preference. Holland is a shipping and a middleman’s country, rather than a manufacturing and industrial State; and a great part of the shipping of the Dutch, as well as of their barter, has depended on the growing export trade of the islands. Of this growing trade, about one-third passed through the mother country in the years preceding the war, much of it on its way to other destinations. In some instances, because of the ultimate destinations of the goods, Rotterdam and Amsterdam are logical markets or ports of transshipment. This is particularly true when merchandise is bound for certain parts of Germany. In other cases, for instance, when goods have been destined for the United

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36 “Dutch suspicion still throws as many difficulties as possible in the way of a tourist, and it took strong preventive measures against an influx of British or other utlislehad planthers when the abandonment of the culture system made private plantations desirable, and the opening of the Suez Canal brought Java so near to Europe. * * * Land transfers and leases were weighted with inconceivable restrictions and limitations; heavy taxes, irksome police and passport regulations, and nearly as many restraints as were put upon Arabs and Chinese, urged the British planther to go elsewhere, since he could not have any voice in local or colonial government in a lifetime.” Sidney, K. R.: Java, the Garden of the East (1897), p. 119.

39 “There is no doubt that the Dutch * * * are not desirous of attracting tourists or travelers to Java * * * The Government also puts difficulties in the way of aliens wishing to settle. * * * There is a good deal of truth in the statement that Java is kept tightly closed.” Colquhoun, A. R.: The Mastery of the Pacific (1909), pp. 351-52.

39 Nearly all the Europeans in Java are Dutch. Holland * * * has had no need to borrow, as it were, from other nations, either colonyts, merchants, manufacturers, or money. * * * “The European non-Dutch element (not counting European soldiers) consisted in the year 1897, of 800 Germans, * * * about 180 English, 274 Belgians, 196 French, and a few Italians.” Cabatot, A.: Java, Sumatra, and the other islands of the Dutch East Indies, 1911, p. 171.

It will be noted that all the above authors refer to a period now some years past. More recently the Dutch seem to welcome tourists, at least to some parts of the country, and have invited foreign capital to enter the islands for the purpose of developing certain lines of industrial activity. Long-time Government leases of agricultural lands and concessions for the exploitation of mineral resources, however, can be granted only to (a) Dutch subjects, (b) citizens of Holland, (c) citizens of Dutch East Indies, and (d) trade partnerships established in Holland or in the Dutch East Indies.

States or South America, this routing has been, from a geographical point of view, highly arbitrary.

During the war the Dutch were, by virtue of the rerouting of the world's trade, in danger of losing this transshipping business and the middleman's profit on East Indian goods. (See Table 8 below).

One precaution which the Netherlands Government is said to be taking against this danger is the continuation and extension of its system of paying heavy subventions, in the form of postal subsidies, to Dutch shipping companies engaged in colonial trade.

Dutch shipping still has the exclusive right to the coasting trade of the archipelago. Most of the European carrying trade of the Dutch East Indies is in the hands of the Rotterdam Lloyd Company and the Dutch Navigation Company. In the total carrying trade of the islands, however, England comes first. Up to the outbreak of the war, Germany was second and Holland was third. Holland is now making every effort to take the place which Germany formerly occupied.41

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**Table 8.—Imports of certain commodities to the United States:** Total, amounts from Holland, and amounts from the Dutch East Indies, showing changes in routing during the war.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Year</th>
<th>Total imports</th>
<th>From Holland</th>
<th>From Dutch East Indies</th>
<th>Percentage of total which comes from Holland</th>
<th>Percentage of total which comes from Dutch East Indies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cinchona bark (pounds)</td>
<td>1913</td>
<td>3,533,239</td>
<td>3,433,945</td>
<td>20,000</td>
<td>98.8</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>1917</td>
<td>2,531,397</td>
<td>2,325,664</td>
<td>100</td>
<td>92.0</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>5,981,293</td>
<td>13,297</td>
<td>4,527,856</td>
<td>75.9</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>1920</td>
<td>4,087,746</td>
<td>2,590,555</td>
<td>270,688</td>
<td>70.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Quinine (ounces)</td>
<td>1917</td>
<td>3,185,984</td>
<td>956,533</td>
<td>220,702</td>
<td>33.6</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td>1918</td>
<td>1,264,337</td>
<td>901,794</td>
<td>301,430</td>
<td>74.7</td>
<td>33.1</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>3,948,945</td>
<td>551,461</td>
<td>1,262,736</td>
<td>75.9</td>
<td>4.8</td>
</tr>
<tr>
<td></td>
<td>1920</td>
<td>5,151,939</td>
<td>766,012</td>
<td>1,710,197</td>
<td>47.8</td>
<td>33.1</td>
</tr>
<tr>
<td>Pepper (pounds)</td>
<td>1913</td>
<td>27,562,361</td>
<td>7,605,171</td>
<td>2,809,047</td>
<td>37.7</td>
<td>10.1</td>
</tr>
<tr>
<td></td>
<td>1914</td>
<td>23,961,966</td>
<td>27</td>
<td>13,880,177</td>
<td>59.5</td>
<td>29.6</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>22,826,445</td>
<td>27</td>
<td>17,704,310</td>
<td>77.2</td>
<td>23.8</td>
</tr>
<tr>
<td>Tobacco, suitable for cigar wrappers (pounds)</td>
<td>1913</td>
<td>6,308,782</td>
<td>6,139,043</td>
<td>20</td>
<td>98.7</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>1917</td>
<td>3,941,336</td>
<td>2,426,322</td>
<td>1,192,565</td>
<td>91.8</td>
<td>30.2</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>7,154,142</td>
<td>100,723</td>
<td>6,504,615</td>
<td>92.4</td>
<td>90.0</td>
</tr>
<tr>
<td>Tin (tons)</td>
<td>1913</td>
<td>9,925,025</td>
<td>7,720,255</td>
<td>2,105,964</td>
<td>98.9</td>
<td>92.3</td>
</tr>
<tr>
<td></td>
<td>1917</td>
<td>71,718</td>
<td>13,843</td>
<td>2,324</td>
<td>92.9</td>
<td>23.0</td>
</tr>
<tr>
<td>India rubber (pounds)</td>
<td>1913</td>
<td>113,384,399</td>
<td>917,795</td>
<td>80,840</td>
<td>32.0</td>
<td>23.0</td>
</tr>
<tr>
<td></td>
<td>1917</td>
<td>3,333,735</td>
<td>102,726</td>
<td>45,027,410</td>
<td>13.5</td>
<td>13.1</td>
</tr>
<tr>
<td>Kapok (tons)</td>
<td>1913</td>
<td>6,581</td>
<td>6,688</td>
<td>97.4</td>
<td>97.4</td>
<td>97.4</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>10,372</td>
<td>10,904</td>
<td>93.9</td>
<td>93.9</td>
<td>93.9</td>
</tr>
<tr>
<td></td>
<td>1920</td>
<td>9,881</td>
<td>9,547</td>
<td>96.7</td>
<td>96.7</td>
<td>96.7</td>
</tr>
<tr>
<td>Guutta Joolatong (pounds)</td>
<td>1913</td>
<td>45,345,938</td>
<td>1,533,986</td>
<td>423,785</td>
<td>9.9</td>
<td>4.2</td>
</tr>
<tr>
<td></td>
<td>1917</td>
<td>23,735,389</td>
<td>115,396</td>
<td>8,074,588</td>
<td>35.5</td>
<td>34.6</td>
</tr>
<tr>
<td></td>
<td>1918</td>
<td>16,962,702</td>
<td>1,393,615</td>
<td>4,506,908</td>
<td>24.5</td>
<td>24.5</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>12,705,923</td>
<td>110</td>
<td>2,542,559</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Gutta-percha (pounds)</td>
<td>1913</td>
<td>480,853</td>
<td>1,080</td>
<td>1,286,099</td>
<td>19.8</td>
<td>19.8</td>
</tr>
<tr>
<td></td>
<td>1917</td>
<td>2,021,794</td>
<td>22,188</td>
<td>546,818</td>
<td>11.1</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>1918</td>
<td>6,495,818</td>
<td>124,088</td>
<td>1,532,110</td>
<td>27.7</td>
<td>25.9</td>
</tr>
</tbody>
</table>

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41 U. S. Commerce and Navigation.
42 In the case of some of the commodities the routing has swung back since the war toward the prewar status—i.e., Holland is again the entrepôt.
43 1913 and 1917 fiscal years; 1919 and 1920 calendar years.
44 Calendar years.
In recent years there has been a growing conviction on the part of the Dutch of the necessity of strengthening the attachment of the islands to the home country. The fear is sometimes expressed that if Holland fails to live up to her opportunity as a civilizing agency in the islands, the colony will ultimately fall into the possession of some of the rival colonizing countries. This it is felt would be a great calamity to the mother country. As one writer has expressed it—

If the Indies have need of Holland, Holland has an even greater need of her colonies, the source of her commercial stability and her political power.42

TREATY PROVISIONS.

In most of the treaties of the Netherlands with European countries there appears a provision for most-favored-nation treatment in the Netherlands colonies, either on the basis of the treatment accorded the "products and vessels of European nations" or of that which is accorded the "like products of any other foreign country," but an exception is regularly made of the treatment accorded products of the native states of the Oriental Archipelago. The Netherlands-United States treaties of 1839 and 1852 provide for reciprocal most-favored-nation treatment in respect to importing or exporting goods in vessels of either and to all duties and charges relating thereto, this reciprocal equality to extend to the colonies of the Netherlands; but further, that the Netherlands may levy discriminatory import and export duties in favor of its own direct trade with its colonies. The Japan-Netherlands treaty of July 6, 1912, provides for reciprocal and unconditional most-favored-nation treatment and contains the specification that its provisions throughout shall apply to all territories and possessions belonging to or administered by either country. The chief features of the various treaty provisions and the situation which they create are essentially epitomized in Article II of the France-Netherlands treaty of August 30, 1902, which provides that the products of France and the French colonies and protectorates (named) are to be admitted in the Dutch colonies at the lowest tariff rates applicable to similar products of any other foreign country, with the exception of the products of the native states of the Oriental Archipelago which are accorded the privilege of duty-free admission.

IV. TARIFFS OF THE COLONIES INDIVIDUALLY.

Those not wishing to follow the detailed discussion of Dutch tariff policy as applied in the separate Dutch colonies should pass over pp. 466-76, inclusive. They were prepared for detailed study, not for the general reader.

TARIFF OF THE DUTCH EAST INDIES.

HISTORY.43

When circumstances made necessary a more or less regular system of taxation in the Dutch East Indian possessions, one of the first sources considered was the imposition of duties on imports and exports. The earliest Dutch customs tariff in India was established by an edict of Governor Coen, on October 1, 1620. The duties imposed amounted to approximately 5 per cent on imports and from 5 per cent to 10 per cent on exports.44 Between that time and the

43 For early nineteenth century see Day, Clive: The Dutch in Java, p. 237 et seq.
Napoleonic wars there were many changes. During the period of British control, and in fact just before the British left Java (1815–16), the tariff was lowered. That tariff was continued for some time after the Dutch regained possession, and while Dutch commerce was slowly recovering Great Britain and America extended their trade with the islands.

A demand for a differential of 20 per cent to 25 per cent in favor of Dutch shipping, made by the Chambers of Commerce of Amsterdam and Rotterdam, resulted in article 87 of the colonial constitution of 1815, which laid down the principle that Dutch ships and cargoes should pay less than foreign. This was carried out in 1818 by a tariff whereby foreign products were subjected to a rate of 12 per cent and Dutch to 6 per cent. In the following year, by royal decree, Dutch products imported into the colonies in Dutch ships were put on a free list.

In 1824 a law was passed discriminating against foreign piece goods, which formed the bulk of the imports for native consumption, and in which England had practically a monopoly. This law placed a 25 per cent duty on foreign cotton and woolen goods from Europe, with a surtax of 10 per cent whenever the goods were imported through an Eastern country. At the same time goods from Holland were admitted free or on payment of but 6 per cent. Although these provisions were contrary to the treaty made with England a little later in the same year, whereby it was agreed that neither power should pay, in the Eastern possessions of either, more than double the duty which the other paid, the discriminating provision was not revoked until 1836, after which Dutch piece goods paid a tariff of 12½ per cent and foreign 25 per cent.

In 1850 there was a slight relaxation of the shipping monopoly and an ordinance of 1858 opened 16 ports to general commerce. But the differential duties and surtaxes on foreign shipping continued for some years longer.

Even during the period of the preferential duties, the English and Americans were at first able to dispute the market with the Dutch. It was partly in consequence of a commercial treaty with France in 1865 that the discriminatory system began to be modified in the direction of low tariff for revenue only. The change began in 1872 and was completed in 1886. Since then the ad valorem rates have been in no case higher than 12 per cent, applying equally to the trade of all nations, and intended for revenue purposes only.

One of the reasons which led to the application of free-trade principles to the Dutch colonies was the example of the enormous development of Singapore after it had been declared a free port. Singapore is the chief port of the Straits Settlements, which are separated only by the narrow Strait of Malacca from the east coast of the Dutch island of Sumatra, and has become one of the world’s principal ports of transshipment. This development was so obviously due to the absence of any restrictive tariff or excessive pilotage or anchorage dues, that the Dutch, hoping that their colonies might become equally important in a commercial and shipping way, followed the example set by England in Singapore.

45 The text of the treaty is given in MacGregor, John: Commercial Tariffs and Regulations, Pt. VI.
47 Cabaton, A.: Java, Sumatra, etc., p. 252.
At the time of the passing of the law of 1872, which abolished the preferential, the East Indian interests were in full accord with its abolition, and the Batavian Chamber of Commerce (Java) wished to go even farther in the direction of free trade and abolish all export duties. The Dutch industrial interests neglected their opportunity to crush the movement against the differential in its early stages, and when at the eleventh hour they began a defensive movement, urging, in fact, a complete customs union between Holland and the colonies, they were defeated.48

The law of 1872 gave to the Dutch East Indies, for the first time since the Dutch had come to the islands, a genuine revenue tariff. It established a considerable free list, an import duty of 6 per cent ad valorem on all but a few dutiable articles, and specific taxes amounting to somewhat more than 6 per cent, on beer, candles, mineral water, flour, gambier, opium, fruit sirups, tobacco, distilled spirits, wine, and vinegar. Transit duties were abolished and Riouw in the Riouw-Lingga Archipelago was made a free port. This legislation went into effect in January, 1874. It applied originally only to Java and some parts of other islands. With various later amendments it has been gradually extended to the whole country, most rapidly since 1899.

In 1886 need for revenue led to a revision. The rate on a number of commodities was raised from 6 per cent to 10 per cent; musical instruments, which had before been on the free list, were taxed 10 per cent, and specific duties were placed on imports of tea, European playing cards, and petroleum. The rate on beer was increased. Goods not specially mentioned continued to pay a duty of 6 per cent. An export duty of 2 per cent was levied on hides and skins and one of 6 per cent on birds’ nests. Specific export duties were levied on indigo, coffee, sugar, tobacco, and tin.49

In 1907 the act was further revised. The duties on certain imports underwent further increases, and duties were imposed on several items which had formerly been admitted free.

The territories where import and export duties were levied, originally very few, by this time comprised nearly the entire Dutch East Indies. In recent years the Dutch have bought up the rights of many of the rulers of self-governing dependencies, fixed incomes being pledged to these rulers in return for the privilege of levying customs duties. Some distinctions were made until recently between the various islands, and even between districts and residencies within the islands, as to the tariff to be levied. One schedule covered most of the area included by Java and Madura, the east coast of Sumatra, the south and east districts of Borneo, Banka, Billiton, and some other residencies. The eastern coast of Sumatra, being in close contact with the commercially active and free-trade Straits Settlements (British), had a separate schedule. This tariff was lower than that of Java, even after 1895, when the rates were raised. Instead of the 6 per cent duties which prevailed elsewhere, there were 4 per cent duties; and instead of the 10 per cent duties, 6 per cent. There were also other variations in outlying districts.

48 Berg, N. P. van den: Munt- Crediet-en Bankwezen, etc., p. 312 et seq.
49 The export duties on indigo and coffee were repealed in 1901.
THE NETHERLANDS.

THE PRESENT TARIFF.

The tariff of 1872 was so often modified, amended, and reamended, it contained so many special and local provisions, that by the beginning of the present century it had become what a member of the second Chamber called, "a Babylonian confusion."\(^{10}\) It was accordingly consolidated and republished in 1910 in simplified form. Today (1921) a single import tariff prevails for the entire "customs territory" of the Dutch East Indies. The export tariffs still vary considerably.

Import duties.—The rates of import duties in force in the Dutch East Indies, as determined by the law of March 18, 1921, are suggested by the following tabular statement:

### Duties levied on certain imports in the Dutch East Indies.

<table>
<thead>
<tr>
<th>Free list</th>
<th>Duties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steam engines and implements for agriculture and for certain other purposes; instruments—mathematical, physical, surgical, and optical; iron, ingots, rods, plates, etc.; steel in ingots, sheets, etc.; copper; lead, crude; tin plate; zinc, crude and rolled; gold and silver ingots; jewelry; Tlies; lime, coal, and coke.</td>
<td>Clocks and watches; firearms and parts thereof; small wares (a considerable number of these are enumerated); photographic apparatus. Machinery, tools, and iron roofing. Clay and porcelain articles. Wood, manufactures of writing and drawing materials. Paper. Tissues and stuffs of cotton, cotton and wool, yarn. Horses. Silk. Fish: flour; vinegar.</td>
</tr>
<tr>
<td>Sail cloth; ropes.</td>
<td></td>
</tr>
<tr>
<td>Timber; barrels for arch; pitch, resin, tar; books, maps, and charts.</td>
<td></td>
</tr>
<tr>
<td>Animals, n. o. s.; asses and mules.</td>
<td></td>
</tr>
<tr>
<td>Rice; coconuts; ice; seeds for agriculture; live plants.</td>
<td></td>
</tr>
<tr>
<td>Paintings; fertilizers; bone black.</td>
<td>Gunpowder; all goods not specifically mentioned in the tariff.</td>
</tr>
</tbody>
</table>

\(^{1}\) Many articles for which rates have not been specially established are given the rates which are established for goods of a similar kind in the tariff. Thus motor cars are given by similitude the rate established for carriages.

Owing to the need of more national revenue, the act of 1921 increased the import duties, transferring a few articles from the free list to the 6 per cent schedule and advancing other articles from one schedule to the next higher. It is apparent that the free list consists, for the most part, of articles necessary to develop agriculture, industry and communication, and of foodstuffs necessary to the natives. Prior to the passage of the recent act it was said to include everything which is requisite for the internal development of the archipelago or the encouragement of its external trade.\(^{11}\) This statement is still largely


\(^{11}\) Root, J. W.: Colonial Tariffs, Liverpool, 1906 , pp. 142, 143.
true, though a few articles which might be included in the above classification now pay the minimum duty of 6 per cent. Before the act of 1921 was passed the duty of 12 per cent or above was paid only on articles which might be considered luxuries, including imported foodstuffs. Under the new act, most of the coarser sorts of manufactures are made dutiable at 10 per cent while the finer sorts have been raised to 12 per cent, with the exception of silk manufactures, which may not be charged more than 6 per cent in consequence of the agreement of 1852 with the German Customs Union. Salt and canned fish, which constitute an article of diet for the natives, remain dutiable at 10 per cent and rice is on the free list. The number of articles on the 6 per cent schedule was considerably reduced by the new act, various commodities previously on that schedule being now dutiable at 10 per cent.

In 1913 the specific duty on distilled liquors yielded a revenue equal to 64 per cent of the valuation declared for these liquors on importation. Notwithstanding this and of numerous other duties higher than 6 per cent, the free list was of sufficient importance to reduce the average rate paid on all imports to a trifle less than 6 per cent.

**Export duties.**—Export duties were formerly more important and far reaching than import duties. But with the gradual spread of civilization throughout the archipelago it is now possible to levy import duties in many parts of the colony where formerly this was not possible and where, therefore, export duties were imposed. On the other hand, the practical monopoly by the Government of certain products, such as sugar, upon which both the culture system and export duties for a time rested, no longer exists. Accordingly, the tendency has been toward the gradual abolition of the export duties. In the 1918 budget, export duties were estimated at only one-tenth of the total customs revenue.

The export duty on sugar, formerly 15 florins per 100 kilos, had furnished an important source of revenue.\(^{53}\) Owing to the depression in the sugar industry, the Government was repeatedly forced after 1887 to suspend the duty, and in 1898 this duty was abolished entirely.\(^{54}\) It was proposed in 1918 that this duty be revived in order to raise revenue for the education of the natives and the enlargement of the army and navy. There is, however, little likelihood that this proposal will be put into practice.\(^{55}\) The export duties on coffee and indigo were respectively 1 florin per 100 kilos and 0.10 florin per kilo; these were abolished by act of December 30, 1901, because of increasing competition. This left tobacco the only one of the so-called culture products of the Indies on which an export duty is still levied.\(^{56}\)

A proposal to abolish export duties entirely was lost in the Dutch Chamber in 1886 by only two votes; a counter proposal to abolish them for exports to the Netherlands only while continuing them in force as to exports to the rest of the world was overwhelmingly defeated.\(^{57}\)

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Beginning January 1, 1919, the old export duty of 0.03 florin per hectoliter for petroleum or its products was replaced by much higher and more detailed duties, which were expected to net an annual revenue of 2,500,000 florins in place of the 1,000,000 florins which had been the approximate yield of the old duty.58

The export duties in Java and Madura are (July, 1921) as follows:58a

Hides and skins ........................................ 2 per cent.
Tobacco (not prepared for inland market) .................. 1 florin per 100 kilos.
Tin, and tin ore in proportion ................................ 3.50 florins per 100 kilos.
Birds' nests ................................................................ 6 per cent.
Kerosene, and petroleum products (not specified) ....... 7.50 florins per 1,000 kilos.
Residue, solar oil liquid fuel, filter-press oil, grease, fat,
batching oil, pitch, and wax oil .................................. 1.70 florins per 1,000 kilos.

Copra, [Based on the difference between the average
market price and the average cost price, in-
Pepper, | crease by 10 per cent ........................................ 8 per cent.
Rubber, when the market price per one-half kilo is—
0.825 florin or less ............................................... Free.
exceeds 0.825, but is less than 0.90 florin ............... ¼ per cent.
thereafter, as the price increases by increments of
.10 florin, the duty rises to ¼ per cent, 1 per cent,
and by increments of 1 per cent to ......................... 7 per cent.

For the purpose of fixing rates, the outer possessions are divided
into four districts, with the exception of certain sections which are
assimilated to the Java-Madura Customs Zone. In each of these there
is in force for the most part the schedule of export duties of Java
and Madura, and in addition a separate tariff. These tariffs vary
greatly, owing to local conditions, and the rates range from as low as
4 per cent on pepper from Grand Atjeh, to the full 10 per cent on
bird skins from Borneo,59 which is the maximum the governor general
is authorized to impose in the outer possessions.

Exemption from export duties in the outer possessions is granted
on gutta-percha obtained by industrial process from the leaves of
the gutta-percha trees, and on gutta-percha and rubber produced
on plantations specially devoted to the regular cultivation thereof;
but only when so certified by an official of the Dutch Government.
The duties collected on tobacco, which is next in importance to
sugar among the products of the islands, account for about one-third
of the total revenues from export duties, having taken in
this respect the place formerly held by sugar. The rate amounts
to about $0.40 per 100 kilos. The rate on tin amounts to $1.47
per 100 kilos of the pure metal. This is supplemented by the
revenue which the government gets from mine leases in all cases in
which it does not actually own and work the mines.

Government exports, like Government imports, until recently paid
no duty. In 1913 these amounted to 57,230,689 florins, or about
one-twelfth of the total exports of merchandise from the islands.61

58a Commerce Reports, June 14, 1921. Slab rubber receives a reduction of 12 per cent. Coconut oil is
dutiable per 100 kilos at the rate levied on 125 kilos of copra. Cinchona bark and sulphate of quinine
are dutiable on a sliding scale.
59 U. S. Department of Commerce and Labor, Bureau of Manufactures, Tariff Series No. 29. Export
Tariffs of Foreign Countries, Washington, 1909, pp. 28–30; also Kelly’s Customs Tariffs of the World, 1921.
60 In 1916, 927,516 florins out of a total of 3,100,894. The export duty on tin for that year was 834,069
florins. Jaarverslagen, etc. (Kolonien), 1916.
61 The falling off in the percentage of Government exports, not merely at the time of the abolition of the
cultures, but since then, has been marked; viz: 10.5 per cent of all exports were on Government account
in 1906, 8.4 per cent in 1913, 5.7 per cent in 1914, 1.5 per cent in 1915, and 1.3 per cent in 1916. Jaarverslagen
(Kolonien), 1917.
In 1897, export duties netted the treasury about 2 million florins, in 1913 about 2½ millions, and in 1918 a little over 3 millions. Free ports, etc.—In half a dozen ports, such as Batavia, Samarang, and Surabaya, there are public storehouses where goods may be kept before paying import duties. Riouw was designated a free port many years ago, largely in the hope of rivaling the commercial success of the free ports of the Straits Settlements. There were formerly a number of other free ports in the islands, such as Amboina, Banda, and two others in the Moluccas, but these were included in the customs territory at the end of 1903. As they were of little importance this move met with no serious objection. One reason why an exception is still made in the case of Riouw is its geographical position, which is such that smuggling would be almost inevitable; the cost of preventive measures would in all probability consume most of the revenue which could be derived from customs duties.

**Characterization of the System.**

The tariff system at present in force in the Dutch East Indies is for revenue only. It has been much praised. An English writer has declared that it "leaves on the whole little to be desired. It is long established, has been continuous, and yields good results * * *." The system contains no tariff preferences; the duties imposed are the same for imports from, and exports, to all countries; it provides for no favors on the part of the colonies to Holland and none on the part of Holland to the colonies.

No evidence of concealed preferences.—With regard to the entire question of concealed preferences, evidence that they exist seems to be lacking. On the other hand the positive statement that no preferences of any kind are granted either to Dutch goods in the colonies or to colonial goods in Holland has been made repeatedly by neutral observers. Under the colonial tariffs of 1872 and 1886 there was what clearly seemed to be an attempt to protect local tobacco against the competition of the Manila and Habana products. Under the earlier act, tobacco in general paid an import duty of 8 florins per kilo, Manila and Habana tobacco 30 florins; cigars in general paid 50 florins per 100 kilos, Manila and Habana cigars 200 florins. The tariff of 1886 left out all special mention of Habana cigars or tobacco and of Manila tobacco. But Manila cigars continued to be dutiable at the rate of 200 florins, as against a 50-florin rate on all other cigars. The protection apparently attempted in this case was intended, it would seem, to operate in favor not merely of colonial growers,

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62 And this notwithstanding embargoes and restrictions on tin and certain other exports, due to the war. United States Commerce Reports, No. 100, Apr. 29, 1913, and No. 106, May 6, 1918.
64 Off the north coast of Sumatra, opposite the Straits Settlements.
65 Very recently the Government ordered the local authorities to inquire into the advisability of making the harbor of Macassar a free port, or at least of assigning a certain quarter of the harbor as an area of exemption from duties and excises. Dutch East Indian Archipelago, vol. 1, No. 3, August, 1918, p. 86.
67 The statement is made, however, by one writer, A. R. Colquhoun, in The Mastery of the Pacific, p. 352, that "the customs regulations seem to aim at excluding the foreigner." The possibility of seriously hampering the foreigner by petty minor regulations which do not appear in the published tariffs is very real. And although many of the earlier extremely burdensome restrictions and regulations were done away with by ordinance of Oct. 1, 1892 (Statesblad No. 240), it is within the bounds of possibility that restrictions discriminatory in effect persist to-day.
68 E. g., "The tariff * * * is conceived on liberal lines and used purely as a means of collecting revenue for purposes of efficient administration." Root, J. W.: Op. cit., p. 140.
but of Dutch manufacturers, since much of the Sumatra product, after being worked up into cigars in Dutch factories, is reshipped to the Indies. The Dutch disavowed any protectionist motives, declaring that the difference in the duties was based simply on a difference in value; in short, that the rates of duty were approximately equal. This contention, however, does not appear to be borne out by the facts, as Manila cigars can claim no superiority, unless perhaps in packing, over those made of local tobacco, for which, indeed, they are sometimes mistaken.\textsuperscript{66} The present tariff, however, has dropped all special mention of Manila cigars, and these are now admitted on equal terms with all others.

Until recently all goods imported for the use of the Government were free of duty. This included imports needed by the Government for the carrying on of its industries, as well as for public improvements in the islands.\textsuperscript{70} Whenever possible such goods have been, of course, purchased from the mother country. This is selection in buying, not preference in tariff policy. Imports of goods on behalf of the Government amount to only about 6 per cent of the total imports into the islands.\textsuperscript{71} Nevertheless their value is considerable, amounting in 1914 to 28,485,296 florins.

An act of January 15, 1916, amended the provision permitting Government imports duty-free admission, and provided that such imports shall pay the usual duty unless the governor general makes a special exemption or grants a drawback. It is not likely, however, that this will produce much effect on trade as the East Indian Government will, presumably, continue to buy of, and sell to, the home country as far as possible.

The calculation of the ad valorem duties in no way depends upon statements of shippers or importers as to the value of their goods. The Government requires only a correct description of the articles imported. The value is determined by reference to a manual containing the current prices, which is revised and reissued every quarter year by the director of the department of finance. The ad valorem duties are calculated on the basis of these prices rather than on either the fluctuations of the market or the statements of the parties interested. If the Dutch East Indian administration wished to grant to imports from the Netherlands a concealed preference, one possible way of so doing would be to adjust the valuations contained in this quarterly manual in such a way as to bear more heavily upon foreign and more lightly upon Netherlands goods. There is, however, no indication that any such practice prevails or that the motive for this system has been anything but a desire to simplify customs procedure.

\textbf{OPERATION OF THE SYSTEM.}

The abolition of the previous system of preferential import and export duties (abolished in 1872–1874), which duties had contributed largely toward restricting Dutch East Indian trade to Dutch commerce and Dutch shipping, had a very favorable influence both upon East Indian trade and upon Dutch commerce and industry.\textsuperscript{72}


\textsuperscript{70} "Ports have been improved, docks built, rivers deepened, roads constructed, public buildings erected, cities sanitarized, and various other engineering works undertaken. Vast outlays have necessarily been entailed." Morris, H. C.: History of Colonization, 1900, p. 348.

\textsuperscript{71} 5.2 per cent in 1880; 5.5 per cent, 1912; 6.0 per cent, 1914; 4.3 per cent, 1915. Jaareflers (Koloniën), 1915.

Between 1862 and 1893 the revenues from import duties, although they underwent some fluctuations, remained, on the whole, stationary. In 1894 there was an increase of over a million florins, and during the 10 years following there was a slight rise. In 1905 there was another gain of a million florins, making the total annual receipts from this source 12,821,000 florins. Since then it has increased still more rapidly, amounting in 1913 to 25,132,269 florins. There has been some falling off during the war.

The customs duties constitute somewhat less than one-half of the taxes levied by the Government, and somewhat less than one-seventh of the Government's gross revenue. The customs yield has in recent years, and up to the outbreak of the European war, increased rapidly because of the increase in volume of trade. The import duty is the most important of all the indirect taxes. The revenue from this source rose from 17,645,000 florins in 1910 to 25,132,000 florins in 1913, i.e., an increase of nearly 50 per cent in three years. In 1916 it amounted to 24,909,000 florins.\(^{29}\)

The following table shows in florins the specific amounts received from the four most important commodities taxed, as well as the total revenue derived from East Indian import duties in recent years:\(^{31}\)

**Table 9.—Revenue from duties on importation of certain articles, together with total revenue from East Indian import duties for specified years.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1911</th>
<th>1912</th>
<th>1913</th>
<th>1914</th>
<th>1915</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabrics (tissues)</td>
<td>5,522,621</td>
<td>5,831,367</td>
<td>7,096,779</td>
<td>6,358,099</td>
<td>5,718,224</td>
</tr>
<tr>
<td>Distilled liquors</td>
<td>1,653,671</td>
<td>1,610,308</td>
<td>1,735,618</td>
<td>1,737,173</td>
<td>2,774,180</td>
</tr>
<tr>
<td>Food (except butter and fish)</td>
<td>2,311,684</td>
<td>2,428,530</td>
<td>2,915,919</td>
<td>2,846,013</td>
<td>2,811,208</td>
</tr>
<tr>
<td>Fish</td>
<td>1,244,088</td>
<td>1,127,004</td>
<td>1,435,187</td>
<td>1,063,543</td>
<td>1,124,245</td>
</tr>
<tr>
<td>Total (including duties on all other imports)</td>
<td>20,483,020</td>
<td>21,966,683</td>
<td>25,132,269</td>
<td>23,232,061</td>
<td>22,644,828</td>
</tr>
</tbody>
</table>

In the 1918 budget, import duties for that year were estimated at 27,700,000 florins, or 7.2 per cent of the total revenue, and 20 per cent of the total revenue to be raised by taxation.

**TARIFS OF THE DUTCH WEST INDIES.**

1. **TARIFF OF DUTCH GUIANA.**

Dutch Guiana has a fairly liberal tariff policy. There is a considerable free list, including machinery of practically all kinds, iron, steel, and other metals, railway and telegraph supplies, plants and manures, ice, pit coal, and cattle for slaughtering, breeding, or dairy purposes. There is a relatively short list of specific duties interspersed by a very few ad valorem rates of 10, 15, or 30 per cent. Goods not enumerated pay an ad valorem duty of 10 per cent.

Most foodstuffs are dutiable. Among possible motives for the imposition of a duty of 10 florins per 100 kilos on coffee and a duty four times as heavy on tea, may have been a desire to increase the local consumption of cocoa, one of the products of the colony; or a

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\(^{29}\) Jaarcijfers (Kolonien), 1913, 1916.

\(^{31}\) Figures taken from the Jaarcijfers for 1915, Chapter on Finance, p. 147.
desire to encourage the growth of tea and coffee. Still these rates are not high, and the duties may have been levied purely for revenue. The rates on most other foodstuffs are specific. The ad valorem duties are as follows:

Parts of firearms, and fireworks, 30 per cent; playing cards, jewelry, and perfumery, 15 per cent; canned fish, certain meats, flour (in small packets), and all unenumerated articles, 10 per cent. These duties are levied on the price current in the colony which is arrived at by adding 20 per cent to the invoice price.

In 1898 the duties on distilled liquors, opium, cigars, and tobacco were increased, and in 1907 the duties on butter, beer, distilled products, matches, opium, cigars, tobacco, and wine were increased. Import duties brought in a revenue of 1,350,000 florins in 1913 out of a total taxation of 3,471,000. The Netherlands Government contributed a subvention of 809,000 florins.

There have been since 1895 no export duties in Dutch Guiana.

(2) TARIFF OF CURAÇAO.

Free trade is traditional in Curacao. "Curaçao and Eustatia," wrote Adam Smith,75 "the two principal islands belonging to the Dutch, are free ports open to the ships of all nations, and this freedom, in the midst of better colonies whose ports are open to those of one nation only, has been the great cause of the prosperity of these two barren islands."

Much of this prosperity was originally due to the smuggling traffic with the mainland,76 and it is said that many of the Venezuelan merchants who visit the free port of Willemstad, which has an excellent harbor and is the only city on the islands, do so for the purpose of smuggling goods through the South American customhouses, where high tariffs are the rule.77 The tariff in effect in the islands is purely fiscal. Between 1871 and 1908 it underwent little change, the normal rate on imports being 3 per cent. By an ordinance of the governor dated July 16, 1908, certain increases were introduced. The rates in the different islands vary in minor respects, but those which prevail in the island of Curacao are typical.

The free list includes whatever is necessary for the agricultural, commercial, or industrial development of the islands, i. e., live trees, fertilizers, tools, plants, machinery, straw for hat manufacture, and pit coal. It also includes certain foods for the natives, such as fresh fish and fresh fruit. The 3 per cent rate applies to unenumerated articles, a 10 per cent rate to articles clearly of luxury such as automobiles and organs, and specific rates to a considerable number of foodstuffs and beverages, while fireworks pay duty at the rate of 20 per cent. Articles imported for reexportation pay no duty.

The ad valorem rates are in effect specific duties, since the valuations of commodities imported are listed here, as in the Dutch East Indies, by decree of the governor.

Export duties, which are levied on all mineral ores and manures, but on no other products of the islands, were fixed by the ordinance of September 7, 1908, as follows:

75 Wealth of Nations, Book IV, Ch. VIII, pt. 2.

12857669—22——31
Metal ores ........................................ 4
Mineral and natural manures:
From the island of Aruba ................................ 3
From the island of Little Curaçao ...................... 10
Salt from the island of St. Martins ..................... 10

It is evident that any attempt to adjust the tariff so as greatly to favor the products of the home country would be neither profitable nor practicable. But the negative provision that the tariff shall not be framed in any way injurious to the trade of Holland or her other colonies applies here as it does in Surinam.

The colony of Curaçao imported in 1918 goods valued at 7,308,000 florins and exported in the same year 2,686,000 florins worth. The total revenue derived from imports, exports, and excise duties and certain other taxes was estimated for the year 1914 at 711,234 florins, while the total expenditure was estimated at 1,045,774 florins. The difference was to be supplied by the mother country. In the 1920 budget the corresponding revenues and expenditures were estimated at 1,067,674 florins and 1,647,427 florins, respectively.78

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[See also the general works listed on p. 835 and the texts of treaties listed on p. 834.]

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I. Introduction:

The Portuguese were the original colonizers among modern nations. The brilliant explorations carried on under the direction of Prince Henry the Navigator (1394–1460) resulted in the colonization of Madeira and the Azores and the establishment of various settlements.
along the coast of Africa as well as the discovery of the Cape Verde Islands. In the reign of King Emanuel I, who assumed the title of "Lord of the Conquest, Navigation, and Commerce of India, Ethiopia, Arabia, and Persia," Bartholomew Diaz rounded the Cape of Good Hope; Vasco da Gama pressed on to India; Portuguese settlements were established on both the west and the east coasts of Africa; Cabral reached the coast of South America; the Cortereals visited Greenland; and the Pope gave Portugal a title to all lands discovered from Cape Bojador "ad Indos."

The record of Portuguese discovery, initial overseas trading, and first steps in the founding of a colonial empire is one of the most brilliant chapters in modern history. Albuquerque was not only a great military leader; he was an able administrator. In him was "found the climax of Portuguese power and glory in the East," but "already in his lifetime decline had set in, never to be seriously interrupted." By 1540 the Portuguese possessions extended along the coasts of East and West Africa, Malabar, Persia, Ceylon, the Malay Archipelago, Indo-China, even the coast of China proper, and Brazil. The Portuguese settlements were established mainly for the purpose of carrying on trade. The Portuguese did not, except in Brazil, carry their dominion far into the interior. Navigation was their forte, and preponderance of sea power was the basis of their title to empire. The principle was established and was for some time maintained that no ship might sail in the Indian Ocean without permission from the King of Portugal. There was nothing conciliatory either in their treatment of European rivals or of the natives with whom they traded and among whom they settled; and even among themselves their commercial policy was that of preferences and monopolies. When the Spaniards, the Dutch, the British, and the French became strong enough on the sea to contest their dominion, the Portuguese settlements fell away.

Before the end of the sixteenth century the Portuguese were almost supplanted in the East, retaining only a part of Timor, Macao on the China coast, and unimportant regions in India. The Napoleonic era brought them nothing but losses. It was during this period that the Portuguese court emigrated to Brazil, and for a period the relationship between the colony and the mother country was inverted, the latter becoming to all practical intents the dependency. Brazil was made a "realm," and when the court returned to Lisbon Dom Pedro remained as "regent of the realm." The colonial bond was finally severed and Brazil became independent in 1825.

By 1844, there remained to Portugal but three insignificant dependencies in India. Only in Africa and in the Atlantic has she retained extensive territories, and recently the integrity of some even of these has been threatened.

Present Extent.

At the present time the Portuguese Colonial Empire consists of eight colonies—five in or near Africa and the others in India, China, and the Malay Archipelago. Madeira and the Malay Azores are

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1 Keller, A. G.: Colonization, 1908, p. 106.
2 Seignobos, Charles: History of Mediaeval and Modern Civilization, p. 244.
4 See p. 484, footnote.
treated rather as outlying parts of the Republic than as colonies, but as they have some special tariff provisions they may advisedly be discussed in connection with the colonies. In this study, however, unless otherwise specified, the term "Portugal" always includes Madeira and the Azores and the term "colonies" always excludes them.

Table 1.—Area and Population.

The areas and populations of Portugal and Portuguese territories are shown in the following table:

Portugal and Portuguese territories.1

<table>
<thead>
<tr>
<th></th>
<th>Area</th>
<th>Population</th>
<th></th>
<th>Area</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>Sq. miles</td>
<td>34,254</td>
<td>5,516,000</td>
<td>Portuguese India</td>
<td>1,469</td>
</tr>
<tr>
<td>Azores</td>
<td>622</td>
<td>248,600</td>
<td>Goa (1910)</td>
<td>160</td>
<td>33,000</td>
</tr>
<tr>
<td>Madeira</td>
<td>314</td>
<td>170,000</td>
<td>Daman, Diu (1910)</td>
<td>7,330</td>
<td>378,000</td>
</tr>
<tr>
<td>Total Portugal</td>
<td>35,490</td>
<td>5,959,000</td>
<td>Timor (1913)</td>
<td>4</td>
<td>75,000</td>
</tr>
<tr>
<td>Angola</td>
<td>881,800</td>
<td>1,419,000</td>
<td>Total Asiatic colonies</td>
<td>8,972</td>
<td>1,001,000</td>
</tr>
<tr>
<td>Mozambique</td>
<td>295,000</td>
<td>3,120,000</td>
<td>Total colonies</td>
<td>804,552</td>
<td>8,735,000</td>
</tr>
<tr>
<td>Sao Thomé and Principe (1914)</td>
<td>500</td>
<td>59,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portuguese Guinea</td>
<td>13,940</td>
<td>289,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cape Verde Islands (1912)</td>
<td>1,480</td>
<td>150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total African colonies</td>
<td>795,580</td>
<td>7,737,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Based on the Statesman's Year-Book 1920, pp. 1167, 1174, except for the area of Mozambique, for which a Manual of Portuguese East Africa issued in 1920 by the Naval Intelligence Division of the British Admiralty has been followed. The Statesman's Year-Book gives 426,712 square miles.

2 The indigenous population of Angola is given in figures for 1914 as 2,124,900. The difference between this figure and that which appears in the table is a difference in the estimates.

SITUATION AND COMMERCIAL IMPORTANCE.

Portugal's colonies have a total area of over 800,000 square miles, with a population of 8,735,000. They are thus in area more than 22 times as extensive as the mother country and their population is nearly 60 per cent greater.

The African colonies, totaling 795,600 square miles, include Angola (Portuguese West Africa), Mozambique (Portuguese East Africa), and Portuguese Guinea, on the mainland; and the Cape Verde Islands and Sao Thomé and Principe off the west coast.

Angola, the largest of these colonies, has an area greater than the combined areas of Germany, France, Holland, Belgium, Denmark, and Switzerland. It lies on the west coast of Africa, south of the Belgian Congo and north of (former) German Southwest Africa, and is entirely within the tropical zone. It has a coast line of 1,000 miles. In an area of 484,000 square miles it has a population of perhaps 4,000,000, of whom about 4,000 are whites. The chief products are coffee, rubber, wax, sugar, vegetable oils, coconuts, ivory, oxen, and fish. The rubber supplies are now becoming exhausted. Cotton growing, formerly remunerative, has been neglected but is now increasing. Tobacco is grown and manufactured for local consumption. Petroleum and asphalt are worked to some extent. There

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1 Except a small detached area.
are large deposits of malachite, copper, iron, petroleum, and salt, and gold has been found in some quantities. The chief exports are coffee and rubber, with considerable quantities of dried fish. The chief imports are textiles. The trade is largely with Portugal, and most of the carrying between the colony and Europe is in the hands of the Portuguese National Navigation Co.

Mozambique, with an area of 295,000 square miles, is less extensive than Angola, but has nevertheless an area somewhat greater than that of the State of Texas. It lies on the east coast, on both sides of the Zambesi River, with a coast line of 1,430 miles opposite to and paralleling the island of Madagascar. North of it lies (former) German East Africa, and to the west and south are British territories. Almost all of Mozambique is within the tropical zone, but the southern end extends nearly to the twenty-seventh parallel of south latitude. The population is about 3,100,000, of whom perhaps 10,500 are whites. The chief products are sugar, coconuts, beeswax, and minerals. There are extensive coal deposits in the Tete region and important gold-bearing reefs have been found in the Upper Zambesi. The development of a considerable portion of the economic resources is in the hands of two companies, which possess royal charters and which are operating chiefly with British and French capital. In this colony Portuguese coinage is little used; in some parts the currency chiefly used is the British India rupee; in others, English gold and silver coins. The chief exports are cereals, foodstuffs, cement, cotton goods, alcoholic liquors, and animals. The total trade in 1918 was more than 58,800,000 escudos, of which 18,700,000 were imports, 4,400,000 exports, 9,400,000 re-exports, and 25,300,000 transit trade.

The Cape Verde Islands, a group of 14 islands and islets, lie in the Atlantic, about 400 miles off the coast of French West Africa, between the twelfth and fifteenth degrees of north latitude. With an area of 1,480 square miles, they have a population approximating 150,000, f whom some 4,800 are whites. The islands produce coffee, physic-nut, hides, millet, sugar cane, and salt. The chief exports are medicinal products and millet. The imports greatly exceed the exports; and the islands are commercially important for their "invisible exports," that is, supplies for passing vessels and the tourist trade. Besides the coasting trade, they were visited in 1916 by no less than 7,407 merchant vessels, totaling 5,017,671 tons. The port of Mindello has an excellent harbor and is a very important coaling station.

The islands of Sao Thomé and Principe lie about 125 miles off the west coast of Africa in the Gulf of Guinea, southwest of Kamerun.

1 Currency.—The older units of Portuguese currency are the real (plural reis) and the milreis, written thus: $000 indicates "30 reis"; $3150 indicates "3 milreis 150 reis." The present monetary units are the escudo and centavo. In Portugal from July 1, 1913, and in the colonies (except those of the Orient) from January 1, 1914, official accounts have been kept in escudos, which are the same as the older milreis, but divided into 100 centavos instead of 100 reis. (Coleção dos decretos, decree of Dec. 18, 1913, p. 121.) The new currency had been decreed May 22, 1911, but some changes were made by the law of June 21, 1913.) The above sums are now written $315 (3 escudos 15 centavos or 3 milreis 150 reis) and $393 (3 centavos or 30 reis). We find also $377 (5), or 377 centavos, equal to $3.50. Normally the value of the escudo, in terms of United States dollars, is $0.57 (1 escudo equals $0.035). The escudo therefore equals $0.0105 and the real equals $0.00108. Brazil still retains the milreis and reis. In terms of pounds sterling, 1600 escudos = 404. In December, 1916, the exchange was 75 escudos to the pound sterling. (The Statesman's Year Book, 1918, Bulletin International des Douanes, 49th Supp., to No. 5.) In 1918 the escudo was worth from 0.67 to 0.60. Suppl. to Commerce Reports No. 7, So, June 22, 1920.

2 The Province of Sao Thomé and Principe includes the fortress of Ajuda, on the mainland; but Ajuda does not appear in the tariff decrees.
and just north of the equator. They are small in area, having together only 360 square miles. The population is about 60,000, of whom 1,570 are whites; but, with less than one-thousandth the area of either, their trade is almost as large as is that of either Angola or Mozambique. Their soil, of volcanic origin, is very fertile. The products, which make them one of the best among West African colonies, are cocoa, coffee, rubber, cinchona, vanilla beans, and balsam. Until recently the plantations of Sao Thomé led the world in the production of cocoa. The commerce of the islands is almost entirely with the mother country and carried in Portuguese ships. The ports were visited in 1914 by 133 merchant vessels.

Portuguese Guinea is a triangular territory on the west coast of Africa a little south of Cape Verde. To the north, east, and south it is bounded by French territory (Senegal). A little greater in area than Holland and a little smaller than Switzerland, it has a population of only 289,000. The most important products are groundnuts, rubber, wax, tobacco, indigo, and cotton. Cattle, sheep, goats, and pigs are raised. Among the exports appear rubber, wax, oil seeds, ivory, and hides; imports consist of blue and white calico, white sheeting, second-hand clothing, preserved provisions, hardware, tobacco, and the usual wide range of miscellaneous articles of daily use.³

Portugal has three Asiatic colonies, one on the coast of India, one on the coast of China, and one in the Pacific Ocean.

Portuguese India includes the territories known as Goa, Damao, and Diu; these have a combined area of 1,638 square miles and a population of 550,000. Goa, with an area of 1,400 square miles, lies on the Malabar coast at latitude 15° north; Damao, also on the west coast, is 100 miles north of Bombay; and Diu is merely a fortress, on an island 140 miles farther up the coast. The principal product of all three is salt. Damao produces some manganese. The trade is largely transit trade. Among the exports appear salt, coconuts, fish, spices, caju nuts, copra, and manganese; the principal imports are drugs and medicines, liquors, oils, paper, provisions, parts of ships, and cotton manufactures.

Macao, on the China coast, consists of a city and port, with an area of 4 square miles, on islands at the mouth of the Canton River near Hongkong. Its population numbers about 75,000, of whom about 4,000 are whites and the remainder Chinese. Its trade, mostly transit, is largely in the hands of Chinese merchants. Macao is a free port, and it was visited in 1915 by 13,457 merchant vessels, totaling 2,408,000 tons.

Portuguese Timor includes the northeastern, the larger and better part of the island of Timor, 10° south of the equator in the Malay Archipelago, together with Ambeno and Puló Cambing. Southwestern Timor belongs to the Netherlands. With an area of 7,330 square miles, Portuguese Timor has a population of 378,000. The principal products are coffee of superior quality, cacao, spices, and sandalwood. There is some petroleum. The chief exports are coffee, sandalwood and sandal root, copra, and wax.

³ Board of Trade Journal, Aug. 12, 1920. Hides are now scarcely quoted because of cattle disease.
The table which follows gives some indication of the relative commercial importance of the Portuguese colonies. It is practically impossible to make a satisfactory exhibit for the reason that the statistics available vary as to the units of value and the classification. With the fluctuations in exchange during the past four years, the figures obtained by conversion can not be assumed to represent accurately the ratios between the trade of 1913 and that of 1917. The figures for 1913, however, make possible fairly accurate comparison of the volume of the trade of these colonies and give an idea of the proportion of the total which was carried on between the colonies and the mother country.

Table 2.—Trade of the Portuguese colonies.

[In thousands of esca dos.]

<table>
<thead>
<tr>
<th>Colony</th>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total trade</th>
<th>Trade with Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Verde Islands</td>
<td>1913</td>
<td>1,800</td>
<td>307</td>
<td>2,167</td>
<td>945</td>
</tr>
<tr>
<td>Do</td>
<td>1916</td>
<td>4,917</td>
<td>332</td>
<td>5,249</td>
<td></td>
</tr>
<tr>
<td>Portuguese Guinea</td>
<td>1913</td>
<td>1,702</td>
<td>1,023</td>
<td>2,725</td>
<td>491</td>
</tr>
<tr>
<td>Do</td>
<td>1917</td>
<td>2,058</td>
<td>2,851</td>
<td>4,909</td>
<td></td>
</tr>
<tr>
<td>Sao Thome and Principe</td>
<td>1913</td>
<td>4,108</td>
<td>5,102</td>
<td>13,210</td>
<td>11,089</td>
</tr>
<tr>
<td>Do</td>
<td>1916</td>
<td>6,119</td>
<td>7,290</td>
<td>13,639</td>
<td></td>
</tr>
<tr>
<td>Angola</td>
<td>1913</td>
<td>5,151</td>
<td>5,036</td>
<td>10,186</td>
<td>6,748</td>
</tr>
<tr>
<td>Do</td>
<td>1916</td>
<td>8,800</td>
<td>6,713</td>
<td>15,513</td>
<td></td>
</tr>
<tr>
<td>Mozambique (6 ports)</td>
<td>1913</td>
<td>12,675</td>
<td>5,346</td>
<td>(8)</td>
<td>3,614</td>
</tr>
<tr>
<td>Mozambique (7 ports)</td>
<td>1915</td>
<td>2,251</td>
<td>4,796</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>Portuguese India</td>
<td>1913</td>
<td>2,963</td>
<td>1,020</td>
<td>4,044</td>
<td>32</td>
</tr>
<tr>
<td>Do</td>
<td>1916</td>
<td>3,551</td>
<td>1,209</td>
<td>4,760</td>
<td></td>
</tr>
<tr>
<td>Macao</td>
<td>1913</td>
<td>16,948</td>
<td>10,562</td>
<td>27,360</td>
<td>(8)</td>
</tr>
<tr>
<td>Timor</td>
<td>1913</td>
<td>636</td>
<td>474</td>
<td>1,109</td>
<td></td>
</tr>
<tr>
<td>Do</td>
<td>1916</td>
<td>425</td>
<td>465</td>
<td>890</td>
<td></td>
</tr>
</tbody>
</table>

1 escudo=$1.08 at normal exchange. See footnote on p. 281.
2 For Mozambique in 1913 and 1915 the figures are (in escudos):

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
<th>Reexport</th>
<th>Transit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 (for 6 ports)</td>
<td>12,678</td>
<td>5,346</td>
<td>8,945</td>
<td>34,014</td>
<td>61,004</td>
</tr>
<tr>
<td>1915 (for 7 ports)</td>
<td>9,251</td>
<td>4,796</td>
<td>10,635</td>
<td>34,572</td>
<td>40,254</td>
</tr>
</tbody>
</table>

II. Government of the Colonies and Making of Tariffs.

In the early nineteenth century the administration of the Portuguese colonies, which, since 1642, had been nominally under the control of the conselho ultramarino, was lodged in the ministry of marine. In the colonies, until 1811, the power of Portugal was represented by governors and captains general. Measures which were undertaken in the following decades looking to the separation of the civil from the military authority in the colonies did not result in the expected reforms, and after 1835 hopes for improvement were placed in the selection of strong men as governors.

Under the Portuguese Constitution of 1838 and the additional act of 1852 legislative authority over the colonies was reserved to the Cortes, but when that body was not in session the executive might issue any decrees deemed urgent. This power was freely exercised.10

10 Marnoco e Souza, José Ferreira: Direito Publico, Poderes do Estado, pp. 660, 664.
In 1851 the conselho ultramarino was revived in the home government and was constituted the highest advisory body for colonial affairs. The earnest efforts of this body to reform the colonial administration were impeded by the difficulties attendant upon the putting down of the slave trade and by the unsatisfactory colonial budgets. It was not found possible to pay the colonial officials adequate salaries, and these officials were permitted to engage in trade, often with unhappy consequences from the standpoint of the public interest. The conselho ultramarino was abolished in 1868. Since 1859 the colonies have been represented in the Cortes by representatives chosen by taxpayers who pay direct taxes of at least 1 milreis ($1.08) each.

Since 1869 the plan of organization of the Portuguese colonies has been in general as follows: There are eight provinces, each of which is divided into districts, while the districts are in turn divided into conselhos. The provinces are under the rule of governors, and the districts are ruled by governadors subalternos. The governors of Cape Verde, Angola, Mozambique, and India are denominated governors general. There are local advisory bodies in the provinces to assist the governors. Originally the financial administration of the colonies was controlled by a junta do facenda, but in 1888 the junta was replaced by inspectors, who were subordinate to the governors. The governors have general control over civil and military matters, but are not permitted to interfere in judicial affairs.

In recent decades the financial condition of the colonies, a serious burden on the treasury of the mother country, has occasioned not a little concern. It is estimated that between 1870 and 1912 the colonies cost Portugal approximately $75,000,000, and this expenditure was for the most part unproductive. To strengthen their hold on the colonies and to improve the financial situation, the Government strove to effect an increasing centralization of administration, but in the working out of an independent budgetary system for the colonies there was a great deal of confusion and want of success. As a consequence certain Portuguese statesmen proposed getting rid of the whole problem by no less drastic a measure than the sale of the colonies.

With the revolution of 1910, it was suggested that colonial self-government might be the remedy for the evils of centralization, and certain modest steps were taken in that direction. Under the new constitution the Congress was to continue to legislate for the colonies, with the provision that the executive might act in legislative capacity when the Congress is not in session; but it was specifically provided that the principle of decentralization was to be applied in the colonies and that special laws were to be passed suited to the development of each. In the consequent legislation the position of the governors was more clearly defined than had been the case hitherto, and a sharper
line was drawn between the financial responsibilities of the colonies and those of the mother country.

The law for the financial administration of the colonies (strictly speaking, the "bases" that accompany the law) provided for the initiative of the colonial authorities in the establishing and altering of taxes, subject, however, to the provision that these must be in conformity with international obligations and must have the approval of the home colonial council. This council consists of four officials of the colonial ministry, designated ex officio, and of seven others appointed according to their competency—two lawyers, an engineer, a physician, and officials from the army, the navy, and the consular service. Further, there are associated with the council eight elected representatives from any colony whose affairs are under consideration. These representatives are elected indirectly and by taxpayers only. When the council considers tariffs there are added to it three officials, one each from the colonial ministry, the customs service, and the consular branch of the foreign office, and three representatives of the industrial and commercial associations of Lisbon and Oporto. "Subject to certain considerable restrictions, the colonies will now have control of their customs duties, and they can reduce the disadvantages of the restrictions by lowering duties if their budgets allow." 13

III. COLONIAL TARIFF POLICY AND SYSTEM.

EARLY PORTUGUESE COLONIAL COMMERCIAL POLICY.

Of the early colonial policies none was more closely monopolistic than the Portuguese. Colonial trade was a State monopoly; foreigners were excluded from the colonies on pain of death, and unlicensed Portuguese were not made much more welcome. Certain exceptions were introduced by treaties about the middle of the seventeenth century, but it was only after 1755 that the system was slowly modified. Severe restrictions on navigation and many prohibitions on trade continued, and differential duties appeared where foreign trade was allowed. In 1809 there was granted free entry of colonial raw materials into Portugal; also free exportation of Portuguese manufactures and free entry for these into the colonies. Not until 1837 was the principle accepted that European manufactures of products or types of products which did not compete with Portuguese industries should be allowed entry to the African colonies in Portuguese ships. 14 In the following year the Portuguese tariff was extended to the colonies, but with the provision that the governors might make modifications. A decree of 1844 specified as open to

14 Young, George: Ibid., p. 325.
15 According to an Anglo-Portuguese treaty of February 19, 1810 (art. 15), "all goods [of British origin] shall be admitted into all and singular the ports and dominions of His Royal Highness the Prince Regent of Portugal, as well in Europe as in America, Africa, and Asia, whether consigned to British or Portuguese subjects, on paying generally and solely, duties to the amount of 15 per cent according to the value which shall be set upon them by a tariff or table of valuations, called in the Portuguese language "Pauta," the principal basis of which shall be the sworn invoice cost of the foregoing goods, merchandise, and articles, taking also into consideration (as far as may be just or practicable) the current prices thereof in the country into which they are imported." But by article 21 Portugal reserved the right of imposing "heavy, and even prohibitory, duties on all articles known by the name of British East Indian goods and West Indian produce, such as sugar and coffee, which can not be admitted for consumption in the Portuguese dominions, by reason of the same principle of colonial policy which prevents the free admission into the British dominions of corresponding articles of Brazilian produce." This treaty was suspended by notification of July 22, 1835, from and after January 1, 1836. (Brit. and For. State Papers, vol. 4, pp. 512-513. Hartslet's Commercial Treaties, vol. 4, p. 362, vol. 5, p. 415.)
foreign vessels 16 colonial ports, and in 1853 a dozen others were added. The tariff of December 31, 1852, admitted colonial products to Portugal on payment of one-fifth of the rates applicable to foreign products, but for 10 years colonial sugar was to pay only 1 real a pound. (See note on currency, p. 481.) About the same time tariffs were proclaimed for Cape Verde, Mozambique, Sao Thomé and Príncipe, Guines, and Ambriz. All these tariffs contained differential rates and Mozambique had intermediate rates levied on imports of foreign goods or exports to foreign ports, but in Portuguese vessels.\(^16\)

This briefly summarizes the tariff policy to the point at which it will be taken up more in detail in further sections.

**PRESENT COLONIAL TARIFF POLICY.**

In later legislation the principle of colonial preferences has been retained. The general legislation now provides that in all future tariffs the products of the mother country shall enjoy in the colonies a reduction of not less than one-half of the lowest duties levied on similar foreign products, in return for which the colonial products are to enjoy the like-favored treatment in the mother country and the other colonies. Foreign goods reexported from Portugal are to enjoy a reduction of 20 per cent from the duties otherwise leviable, though the West African colonies will restrict this favor to goods transported on national vessels. Likewise the principle of differential export duties must be preserved in the colonial tariffs; and until new transportation lines are established with new contracts, the present protection to national lines shall continue, though conditions may be annexed requiring that the rates of these lines shall not exceed those of foreign lines.\(^17\)

**TREATY LIMITATIONS.**

**General Treaties.**

Portugal is a party to two of the general European treaties which deal with colonial tariffs—the treaty of Berlin of 1885 and the treaty of Brussels of 1890, amended in 1899 and in 1906. These treaties are discussed on pages 85 and 89.

**Bilateral Commercial Treaties.**

A majority of Portugal's commercial treaties provide that products of the Portuguese colonies reexported from the mother country shall pay no higher duty in the other country than are paid there on the products of Portugal; i.e., that there shall be no surtax for indirect importation via Portugal. This provision is found by itself in the treaties with Denmark, Norway, and Sweden,\(^18\) and in combination with others in the treaties with Great Britain\(^19\) and Germany.\(^20\)

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\(^{14}\) Titto de Carvalho: Les Colonies Portugaises au point de vue Commercial, pp. 9, 14, 35–41. Details of the tariffs in force just before 1870 may be found in A. P. de Carvalho’s As Pautas das Alfandegas das Províncias Ultramarinas, 1870.

\(^{15}\) Diário do Governo, Aug. 13, 1914, pp. 666–680. More specific provisions in regard to duties on colonial sugar entering Portugal and on cottons in Angola are given below. The charter for Angola was not decreed until 1917. Whether others have been decreed the material at hand does not disclose.


France, whose policy has been to impose surtaxes on indirect importation, limits the concession to products of Sao Thomé, Principé, and the Cape Verde Islands, imported through the port of Funchal, in Madeira. The protocol of the treaty with Germany limits it by the proviso that it will bind the German Government only while German commerce is not subjected in the Portuguese colonies to a régime less favorable than that of the most-favored nation. This imposes no obligation on the Portuguese to continue equal treatment in colonial tariffs, but makes discrimination against Germany unlikely.

The provisions of the Portuguese treaty of 1914 with Great Britain go farther. Products of the colonies of each are to receive most-favored-nation treatment when imported into the other country as long as the colonies of the one accord to the goods of the other the most-favored-nation treatment. This again is no guarantee that the colonies will grant or receive most-favored-nation treatment, though on condition that they accede to the treaty within 12 months, they have the option of giving and receiving this guarantee. The provision for the adherence of colonies is for the benefit of the British colonies and Dominions.

The agreement of May 9, 1911, between Portugal and Italy specified that imports into either from the colonies of the other, whether imported directly or through the mother countries, should enjoy the same treatment as the products of the latter. But Portuguese goods imported into Italian colonies, and Italian goods imported into Portuguese colonies, and colonial products of either imported into the colonies of the other were explicitly excluded from the benefits of the convention.

Portuguese commercial treaties which promise most-favored-nation treatment reserve to Portugal the right to give special favors to Spain and to Brazil. A number of them also make exception as to the rights of navigation granted to the Transvaal and Orange Free State by treaties of 1875 and 1876. The treaty of 1908 with Germany mentions that the navigation between Portugal and the Portuguese colonies west of the Cape of Good Hope continues to be reserved for Portuguese vessels. In this as in other treaties the right is conceded to foreign vessels to land part of a cargo at one port and carry other parts to other ports in the same colony.

**Special Treaty Provisions for Colonies.**

Mozambique is the only colony whose tariff has been considerably influenced by treaties ad hoc. Treaties of 1875–1882 between Portugal and the Transvaal and of 1876–77 between Portugal and the Orange Free State provided that products of the soil and industry of the Transvaal and the Orange Free State should be entirely free of import and transit duties in Mozambique, and limited the duties to be charged at Lourenço Marques on merchandise of foreign origin imported in transit to these two South African countries. The rate of this duty was set at 3 per cent, but might, under certain conditions, be made 6 per cent or 1½ per cent. Even this small duty was not to apply to a list of 26 items, which included animals, cereals, coal, stone,

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3 See below.
tools, machinery, books, and musical instruments. The term of these treaties was 20 years, and the one with the Transvaal, at least, was still in force at the end of the Boer War and was continued by a modus vivendi of December 18, 1901, made by the high commissioner of South Africa and the governor general of Mozambique. The only modifications of importance were a provision that alcoholic liquors produced in Mozambique were to pay in the Transvaal the same as those of Natal and the Cape, and those of the old Transvaal territory were to pay the same in Mozambique, and that goods in transit through Lourenço Marques into the Transvaal should pay no higher duties in the latter than those charged on goods imported through the ports of Cape Colony and Natal.24

The special relations between Mozambique and the old Transvaal territory continue to the present time under the convention of April 1, 1909.25 Products of the soil and industry of each, if the chief component is of local production, are liable in the territory of the other to no import, transit, or export duty, except that distilled or fermented liquors are subject to the highest rates levied on products from overseas.26 These products are liable only to the lowest local taxes, municipal or other, levied on any goods.27 Goods imported through Lourenço Marques, for the Transvaal are to pay no duties but only the port and warehousing dues and the tax known as "industrial contribution." The Transvaal is to levy no higher duties on goods imported through Lourenço Marques than on those imported through Natal or the Cape.28

This treaty was to remain in force for 10 years and until denounced with a year's notice.

Special treaty provisions also regulate certain tariff relations of Mozambique with Rhodesia and Nyasaland (British Central Africa). The British-Portuguese treaty of June 11—July 3, 1891,29 defined in a general way the boundaries between the Portuguese and the British spheres in East Africa and provided 30 that goods in transit across the Portuguese territories to or from the British sphere should pay during a period of 25 years no duties in excess of 3 per cent or greater than the import duty. There was to be no transit duty on coins or precious metals. In the interior, where Nyasaland and the Portuguese territories on the Zambezi interlock, not only was there to be free passage for persons and goods, but each country might build railroads, telegraph lines, roads, bridges, etc., in the territory of the other and import the material therefor free.31 Navigation on the Zambezi and Shire is free to the ships of all nations.32

26 Art. 3. The provision in regard to spirits relates to those over 3 per cent proof, or 1.716 C.
27 Art. 35.
28 Art. 36. The Transvaal duties on goods in transit are collected at Lourenço Marques. Goods ordered bona fide for the Transvaal and then by change of plan reexported elsewhere are exempt from export or reexport duty. (Art. 36, 38.)
29 This treaty contains a great number of other provisions in regard to importation of native labor into the Transvaal, railroad traffic, etc. Laborers returning from the Transvaal are entitled to bring in 60 kilograms of personal baggage free, but occasional inspections are authorized to prevent a trade in dutiable goods from growing up under cover of the provision. Penalties are imposed on any native found by the inspection to be bringing in goods dutiable at over 12 shillings and 6 pence, the amount which the British Government pays to the Mozambique customs for each laborer so returning. (Art. 119.)
31 Art. XI.
32 Art. XI, pars. 4, 5, 8.
33 Art. XII.
beside there are no transit dues, no differential treatment as between English and Portuguese vessels, and no toll on the sole fact of navigation. On any connecting railroad or roads there are no higher rates for foreigners than for nationals.33 These provisions are very similar to those of the final act of the conference of Berlin for the navigation of the Congo.

DIVERSITY OF TARIFF ARRANGEMENTS.

The Portuguese possessions may be classified, in respect to prevailing tariff arrangements, as follows:

1) Outlying parts of Portugal: Madeira and the Azores.—These islands are considered a part of Portugal; between them and the mother country there is free trade in both directions; the tariff of Portugal is the tariff of the "adjacent islands"; the treatment accorded to and received from the Portuguese colonies is the same for both; but there are exceptions to each of these generalizations.

(2) Open-door territories.—A portion of the province of Angola—namely, the enclave of Cabinda, north of the Congo River, and the territories south of the river extending to the River Logé—lies within the conventional basin of the Congo and is subject to the open-door régime laid down in the final act of the conference of Berlin in 1885.

Macao, located very close to the free port of Hongkong, was made, almost of necessity, a free port.

3) Territories under concession companies.—Two great areas in Portuguese East Africa are not under the direct administration of the State, but are subject to chartered companies. Portuguese and colonial products are granted by the companies differentials very similar to those found in the colonies, but the products of these territories are treated in Portugal as those of foreign countries.

4) Special régime colonies.—The other colonial possessions have special tariffs of their own when, indeed, the same colony is not divided into two or more tariff districts having distinct tariff schedules. They give and receive from the mother country and other colonies special rates, both on imports and (except in Guinea) on exports.

In Portuguese Guinea there was maintained a régime of low duties and the open door, except since 1892 in reference to alcoholic liquors; but the partial application in 1920 of the legislation of 1914 established a differential in favor of Portugal of 50 per cent through nearly the whole schedule of import duties.

PREFERENTIAL TREATMENT IN PORTUGAL OF IMPORTS FROM PORTUGUESE COLONIES.

Under this heading only the duties levied in Portugal will be considered. Except as otherwise stated, the terms "Portugal" or "Portuguese" include throughout Madeira and the Azores. The differential export duties of the individual colonies which favor shipment of products to the mother country are discussed in Section IV.

History.

To go no further back, the tariff act of 1852 admitted to Portugal the products of the Portuguese overseas possessions on payment of one-fifth of the usual duties. By exceptions introduced in 1861 or

33 Art. XIII.
soon thereafter, coffee and cacao paid one-fourth of the ordinary rate; there was no differential on sugar, but tobacco from Angola and Cape Verde paid 100 reis (10.8 cents), while that from Brazil paid 150, and other foreign tobaccos 200 reis per kilogram.

The tariff act of December 27, 1870, greatly reduced and restricted these differentials. The rate of duty was increased; it had been one-fifth of the rates on foreign goods, it was raised to one-half; and the restrictions were imposed that the goods must come directly and in national vessels, though this last restriction did not apply to products of Timor, Portuguese India, and Mozambique. By the tariff of 1887, coffee and tobacco were exceptions, as was also maize (though by a law of July 15, 1889, maize, too, was given the reduced rate); and rice, spices, and fibers nationalized in Asia or East Africa were treated as products of the colonies. Products of Macao were treated as foreign; but by the law of July 19, 1889, the 50 per cent reduction was extended to tea, if imported as above.

Present Provisions.

The tariff of 1892 made no important changes in the colonial preferences, nor have these preferences been radically altered since. Fifty per cent continues to be the general rate of rebate on colonial products, but in effect this percentage has been greatly increased for articles dutiable at ad valorem rates, by the depreciation of the ex-cudo and the requirement that one-half of these duties levied upon foreign, but not colonial, products are to be paid in gold at the pre-war rate of exchange. Transportation in national vessels is still required to entitle products to receive this preference, but the requirement of direct transportation is waived where origin is properly certified.

Timber, the produce of West African provinces, when transported directly in national vessels, and raw cotton from any colony, transported in national vessels or foreign vessels with regular services between Portugal and the colonies, enter Portugal free.

In 1901 it was decreed that the differential of 50 per cent on sugar entering Portugal from Angola or Mozambique should be maintained for 15 years, for a quantity up to 6,000,000 kilos from each of the two provinces, as before, in accordance with the law of December 27, 1870. Whatever the total imported, the total duty remitted to each was not to exceed 50 per cent of the duty on 6,000,000 kilos, to be prorated if necessary.
In 1903 the colonial preference was extended to sugar from Mozambique, even though imported in foreign vessels, if it came from ports not served directly or by transshipment by Portuguese lines.  

In 1917 this régime by which the sugar of Angola and Mozambique was admitted to Portugal on payment of 50 per cent of the lowest duty paid by foreign sugars was guaranteed for 20 years from the date of the law for the reorganization of the colonial governments, 43 with the additional provision that when the amount should exceed the limit fixed, this limit must be considered to increase by 10 per cent annually. 44 But by decree of September 8, 1920, not only was the preference to colonial sugar abolished by putting sugar of all origins on the free list, but the producers of Mozambique and Angola were required within 12 months to send to Portugal 22,000 metric tons of yellow sugar at prices to be determined in accordance with the provisions of the decree. 44a

Changes have been much more numerous in the period which begins with the Republican revolution of October, 1910. By a decree of December 27, 1910, all refrigerated meat for the Lisbon market was admitted free; both meat and cattle from the colonies were not only to be admitted free, but were to be exported from the colonies without payment of export duty. Two and one-half years later a duty of 30 reis per kilogram was put on foreign refrigerated beef (but not on veal). 45

In 1912 fruits, fresh or dry, from the colonies were granted free entry. 46

In 1914 the general rate on maize was changed to 9 reis per kilogram, but maize from the colonies was charged only 1 real. The quantities which were to be allowed entry at this rate were 7,000,000 kilograms each from Mozambique and Angola and a total of 1,000,000 kilograms from the other colonies.

During the war a great variety of special and presumably temporary regulations were in force. Foodstuffs were most affected, though even before the war it was not unusual in Portugal to have special decrees permitting the importation of certain cereals free or at reduced rates for certain times or in quantity up to a prescribed total. From June 1, 1916, a long list of foodstuffs were to enter free until the end of the war. Although not every one of these decrees has been examined carefully, it seems safe to say that few of them had any special provisions for the colonies. A law of September 24, 1915, removed permanently the duties on colonial cattle and meat and authorized the Government to extend this exemption to similar foreign products. A decree of April 28, 1919, allowed the free importa-

42 B. I. d. D., 17th Sup. to No. 9.
43 Aug. 15, 1914.
44 Decree of Nov. 28, 1917, art. 9, sec. 12, par. 2. The American vice consul at Boma reported in 1911 that the sugar production of Angola had reached a maximum in 1901, and that thereafter the competition of beet sugar turned the manufacturers to the production of hard rum. Since 1907, especially, efforts have been made to increase sugar production and decrease that of rum. See legislation in regard to alcoholic beverages, p. 427.
44a Board of Trade Journal, Oct. 14, 1920, p. 466. The colonial producers were required to send 14,000 metric tons of white sugar. If the production of Mozambique exceeded 40,000 tons and if that of Angola exceeded 8,000 tons, one-third of the excess in each case might be exported to non-Portuguese ports; if the crops fell short, smaller proportions might be exported to foreign destinations.
45 B. I. d. D., 49th Sup. to No. 9. It is not clear whether or not this repealed the earlier exemption of colonial beef and substituted one-half of the foreign rate, according to the usual rule. The law put no increased burden on foreign meats, for it repealed the consumption duty of 30 reis. This duty had been levied on for the colonial product.
46 Law of April 13, 1912. B. I. d. D., 44th Sup. The 47th Sup. corrects this to exclude pineapples, but the Portuguese text says plainly that pineapples are included.

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tion of olive oil until further notice, and reduced the duty on olive oil if exported to the colonies from 200 reis per kilogram gross to 100 reis. Authorization was also given for the free importation of colonial maize in foreign vessels. In the post-war period prohibitions and licensing systems have been gradually abandoned, but surtaxes upon luxuries and unessentials have been freely employed to check imports from foreign countries. Trade with the colonies has been relatively unrestricted, and some measures, e.g., the surtax upon rough ivory of foreign origin, may have benefitted the colonies.

On the export trade there were also numerous restrictions during the war, particularly in the form of additional export duties and prohibitions of exportation. In a number of cases exportation was permitted to the colonies, although it was forbidden to other destinations. The surtaxes on the exportation of fish, eggs, cheese, and wool were not applied to exports destined for the colonies.47 A decree of April 29, 1916, forbade the exportation to the colonies of automobiles, of combustibles, and of foodstuffs of which there was a scarcity in Portugal.48 Lists were to be furnished from time to time of the foodstuffs and other articles whose export was absolutely prohibited and those which could be exported to the colonies when special authorization was obtained. By the law of September 24, 1915, the exportation of cattle, sheep, and swine was prohibited, except that when intended for breeding purposes they might be sent to the colonies.

A differential in the tare regulations was in force from 1903 to 1912. The tare previously allowed on sugar in sacks had been 2 per cent; for colonial sugar this was continued, but for foreign sugar the rate was made 2½ per cent for that in double sacks and 1½ per cent for that in single sacks. In 1912 the rate of 1½ per cent was made general.49

SPECIAL PROVISIONS FOR MADEIRA AND THE AZORES.

Madeira.—Special provisions for Madeira, as exceptions from the régime common to the mother country, Madeira, and the Azores, appear at least as early as the tariff of 1892. These special provisions relate to maize, alcohol, tobacco, and sugar, and concern both the rates at which foreign and colonial products enter the islands and those for the products of Madeira entering Portugal and the colonies. Thus, under the tariff of 1892 foreign maize in the grain paid in Madeira only one-third of the rate in force in Portugal, while that from the Cape Verde Islands entered free; on the other hand, any maize shipped from Madeira to Portugal paid in Portugal the full rate. This provision is apparently still in force,50 but the law of June 29, 1913, made an additional provision that maize in the grain from the Portuguese overseas possessions 51 should pay on entering Madeira only one-half of the duties prescribed in article 18 of the provisions preliminary to the tariff schedules, i.e., one-half of one-third of the general rate in force in Portugal.

47 Decree of Mar. 30, 1915. See also Nova Tabella das Sobretaxas, July, 1916.
48 A decree of Feb. 20, 1915, had permitted the export of tires and other automobile accessories from Portugal to the colonies and vice versa, though a general prohibition had been established on such exportation by a decree of Nov. 29, 1914. The prohibition upon the exportation of automobiles to the colonies was withdrawn on Nov. 12, 1919.
49 Regulation of July 9, 1903, B. I. d. D., 17th Sup. to No. 9. Decree of Mar. 2, 1912, 44th Sup.
50 Tariff, 1913.
51 Except Cape Verde.
Many decrees, having for their object the cheapening of foodstuffs in Portugal, applied in part or exclusively to Madeira. This was especially true during the war. For instance, a decree of August 19, 1914, permitted unlimited quantities of wheat to enter Madeira under a duty of 1 real per kilogram. By decree of September 24, 1903, alcohol and brandy from Madeira were to be pay when imported into Portugal the full foreign rate. In 1913 tobacco was still imported into Madeira and the Azores under the law of 1885; but this law had been twice changed as regards the rates for Portugal itself. Sugar received special attention. By the tariff of 1892 Madeira sugar was to pay when imported into Portugal and the Azores one-fourth of the rate on foreign sugars. Later even this duty was taken off for the five years following December 30, 1895. This exemption was renewed by the decree of September 24, 1903; but sugar produced in Madeira from imported molasses was to pay the full foreign rates not only in Portugal but also in the colonies. The exemption was maintained by decree of March 13 and law of December 11, 1911, which made sugar imported from Madeira to Portugal free not only from the Portuguese import duties but also from the export duty in Madeira. The duties on sugar imported into Madeira were regulated by the decree of September 24, 1903, which imposed for sugars above 19 Dutch standard, regardless of origin, a duty of 145 reis per kilogram. Further, the law of April 27, 1896, subjected the sugar of the Azores and of the colonies to a manufacturing tax of 15 reis per kilogram, but made no mention of Madeira.

Aside from the provisions already mentioned under the account of Madeira, a law of July 15, 1903, imposed a manufacturing tax on sugar produced in the Azores and an import duty of one-half of the foreign rate when this entered Portugal, and restricted even this concession to 1,000 tons for the first year of manufacture, with an ultimate limit of 4,000 tons. This "additional duty" was abrogated in 1906.

Since 1904 beer from the Azores has been treated in Portugal as a foreign product.

TREATMENT OF IMPORTS INTO THE COLONIES.

In the framing of the tariffs for the colonies general legislation has been the exception. Even in 1892, when nearly all the colonial tariffs were overhauled in the same year and several were decreed on the same day, each was proclaimed separately, and no two were alike. Even the most important feature of a general colonial tariff policy, the amount of the differential, if any, to be given to products of the mother country, has not been determined by general legislation, has never been applied uniformly even among the colonies which have given preferences, and is at present generalized only to the extent of the provision of the law of 1914, which prescribes that the differential shall not be less than 50 per cent. On some other points, however, the special laws for the preference-giving colonies

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8 The real is a trifle more than one-tenth of a cent. The reference here is not to special provisions for colonial products, but to arrangements which were special for Madeira as distinct from Portugal.
9 B. I. d. D., 18th Sup.
11 B. I. d. D., 6th Sup. to No. 9. The Azores were included.
12 Ibid., 18th Sup.
13 B. I. d. D., 17th Sup. and 26th Sup. The law of 1903 had imposed the manufacturing duty for 15 years.
are in agreement. They all treat foreign products (with some exceptions) nationalized in Portugal as Portuguese, and all allow the differential of 20 per cent on imports of foreign goods reexported from Portugal, though they differ in that some require that the reexportation be in national vessels.\(^8\)

**General Legislation.**

Before taking up the provisions applicable to separate colonies, the more important of the general laws or decrees which apply to all or to several of the colonies may be mentioned. These have affected particular articles; they have either changed the rate of the duty, leaving the percentage of differential undisturbed, or have changed the differential by altering either the Portuguese or the foreign rate or both, or have put the article on the free list, and thus swept away the differential.

Of the first kind, those which merely changed the rate of duty, were:

- The law of September 2, 1892, which raised the duty on sugar from 40 reis (about 4 cents) per kilogram to 80; the decree of November 26, 1903, which established rates on mineral oils, except kerosene; and the laws of November 26, 1903, and March 20, 1915, which fixed rates on automobiles and their parts.\(^9\)

- Of the second kind—those which changed the proportion as well as the amount of the differential—is the tobacco law of December 1, 1887, apparently the oldest of these laws which still remains partly in force. By this law the rate of duty on Portuguese leaf, roll, or plug tobacco was only 25 reis per kilogram; as against 1,800 reis on the foreign product; Portuguese cigars paid 150, and other manufactured tobaccos 100, while all foreign manufactured varieties, including cigars, were charged 3,600 reis per kilogram.\(^5\)

A law of September 25, 1908, imposes, in addition to the stamp tax of 25 reis on each bottle of foreign mineral and medicinal waters, a further tax of 50 reis per kilogram.\(^6\)

Another example is the decree of December 27, 1915, which imposes an export surtax of 3 per cent on all cocoa exported to foreign countries. Such a duty had already been imposed on exportation from Portugal.

Of the third kind, decrees which put certain articles on the free list and thus abolish all differentials, three examples may be cited. "The provisions regulating prospecting and the working of mines

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\(^8\) Reexportation does not require that the goods leave the ship, and it need involve little trouble or expense. The formalities can be attended to by the steamship company if the shipper provides lists of the packages with their marks, contents, etc. By decree of Oct. 3, 1901, sugar receiving a drawback on exportation from Portugal was classed as a reexport and not as a nationalized product. B. I. d. D., 38 Sup.

\(^9\) The colonial tariffs of 1892 are given in Pautas Vigentes nas Alandrobas das Provincias Ultramarinas Portuguezas, 1892.

\(^5\) This law-mentioned law reduced the rate on passenger cars from 120 milreis each to 50 milreis; and for trucks, to 14 millreis. It made automobile parts, however, which had been free, dutiable at rates varying according to their component materials.

\(^5\) General legislation on alcoholic liquors, beginning with the law of June 13, 1889, for the free admission to the colonies of Portuguese wines, will be found under the heading "Treatment of alcoholic beverages," p. 495.

\(^6\) B. I. d. D., 5th Sup. to No. 9. This law applies to the "Portuguese transmarine provinces"—the usual way of referring to the colonies—and "to the self-governing district of Timor." This reference to Timor is the only one of its kind in the decrees and laws cited. If the language quoted was necessary in this case, it would seem that the other general laws and decrees mentioned do not apply to the island of Timor.

The decree of Dec. 27, 1910, exempting colonial refrigerated meat and meat cattle exported to Portugal from all colonial export duties, has been mentioned previously.
in the colonies," approved by the decree of September 20, 1906, provide that machines exclusively for working mines or for preparing the ore are to be admitted to the colonies on payment of a statistical duty of one-tenth of 1 per cent. A decree of July 3, 1911, made general a provision already enacted for Principé and Guinea, that wire or other netting to exclude flies and mosquitoes from dwellings, with meshes not exceeding 3 square millimeters in area, should enter all the colonies free of all charges. Another decree, of October 28, 1911, specified that agricultural and industrial machinery, which was granted free entry to the Portuguese colonies by the various free lists established in 1892 or earlier, shall be subjected to no other charges either by colonial governments or by administering companies. The decree states that such charges had been operating practically as a nullification of the exemption. A decree of November 15, 1913, authorized the colonial governors to grant free temporary importation, subject to reexportation within a year, to articles for the preparation or packing of agricultural or industrial products for export.

TREATMENT OF ALCOHOLIC BEVERAGES.

The treatment to be accorded to alcoholic beverages is prescribed in considerable part by legislation which is general or which at least applies to several rather than to individual colonies. This is due in part to the provisions of the general treaties, which require certain minimum duties throughout the greater part of Portuguese Africa, and in part to the special interest which the Portuguese have taken in their wine trade. The history of these duties is complicated and only an outline of it need be given. To facilitate comparison, all rates will be given in reis per hectoliter, though the earlier duties were levied per decaliter, and the later by liters. It will simplify the account also to follow the history of duties on wines through to the present time before taking up those on distilled liquors.

The earlier tariffs levied specific rates on alcoholic beverages, and to these the general preferential in favor of Portuguese products was applied. This differential was 50 per cent in Mozambique and Guinea, and 70 per cent in the other colonies, except that in the Congo District and Ambriz, in Timor, and in Macao there was and is no differential—at least there is none in their tariffs. In India, both Portuguese and foreign wines were subject to specific duties, the former only about one-sixth the amount of the latter; i.e., there was a differential of five-sixths.

WINE: RATES AND PREFERENCES.

The rates on wines in these early tariffs were from 2,000 to 8,000 reis per hectoliter ($0.08 to $0.33 per gallon) and there was a special

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\(^{62}\) Disposiciones que regulan a Pesquisa e Lavre de Mina nas possessoes ultramarinas, Lisbon, 1906, p. 48, arts. 128, 139.

\(^{63}\) Export duties also were made uniform at the following rates: Precious stones and metals, one-half of 1 per cent of gross value; ores of precious stones and metals, 5 per cent; other ores, one-thousandth of gross value. (This is a statistical duty.)

\(^{64}\) Decrees of Mar. 23 and June 7, 1911, for Principé and Guinea. Another decree of June 7, 1911, ruled that bared wire was included with agricultural machinery. A decree of Sept. 2, 1901, provided an extension of 15 years for the free importation of agricultural and industrial machinery; why such a decree should be necessary is not clear.

\(^{65}\) Text on file in Department of Commerce. The decree also granted free entry to articles of furniture for repairs or further manufacture, to wagons and cattle used in transportation across the frontier, and to effects of persons staying in the country only temporarily, such as theater companies.
rate of 20,000 reis on champagne in three of them. By a law of June 13, 1889, all duties on Portuguese wines were removed.

This 100 per cent differential was repealed by the tariffs of 1892, at least in reference to Mozambique, Guinea, and Sao Thomé and Principé. In Guinea and the Congo District the single duty of 2,700 reis was put on all alcoholic beverages, regardless of kind or source. In Mozambique the duties for national and foreign wines were specific, the former paying 2,000 as against 6,000, 8,000, or 20,000 reis. In Sao Thomé and Principé the differential was 600 against 15,000 or 40,000 reis. The new rates in these colonies ran from 6,000 to 30,000 reis, so that even, if the general differentials of 90 per cent and 80 per cent, respectively, were applied, the amount of the differential alone was greater than the whole of the rate previously paid by the foreign product. In India the differential was somewhat reduced, except on champagnes, but the limit as to quantity was taken off.

A decree of April 25, 1895, "temporarily" reduced to 100 reis (a cent a gallon) the duties applicable to "Portuguese wines, ordinary and liqueur, and wine vinegar in casks," throughout Portuguese Africa; while on these products if of foreign origin, and on all other wines and fermented beverages, the duty was increased by 3,000 reis.

A law of May 7, 1902, raised the rates on certain classes of Portuguese wines. Ordinary wines not exceeding 15° were left at 100 reis per hectoliter, except that in Sao Thomé and Principé after five years, and in Mozambique south of the River Sabi immediately, the rate was to be 800 reis. Wines of greater strength not exceeding 17° and sweet, full bodied and special wines such as Madeira, port, and muscatel up to 23°, were to pay 400 reis, with an exception similar to that above—the rate for the regions excepted being 1,000 reis. For wines of strength above 17° the rate was 20,000 reis. On foreign wines, even though reexported from Portugal, the rate was 30,000, or if in bottles containing not over a liter each, 50,000 reis. Foreign champagnes were to pay 60,000 while the rates on the national product were only 1,000 and 5,000 reis.

These rates are apparently still in force except in Loanda, Benguela, and Mossamedes and Mozambique, where tariffs of May 27, 1911, and of May 15, 1916, have superseded them. The new rates are much higher on Portuguese wines—on those not over 16°, from 3,000 to 10,000 reis instead of 100 and 400; but as the rates on foreign wines are 50,000 and 60,000 reis, the differential is still very large. On sparkling wines the new rates are 10,000, as compared with 100,000 reis ($4.09 per gallon) on the foreign, increasing the differential absolutely, though decreasing it proportionately. Only in

66 2.4 cents per gallon against $0.61 or $1.63. Whether the free importation of Portuguese wines into Loanda, Benguela, and Mossamedes and the Cape Verde Islands was repealed in 1892 is not clear, but in any case the absolute amount of the differential was increased.

67 B. I. D. D., 1st Sup. to No. 10. Sao Thomé was included, though normally the Cape Verde Islands and Sao Thomé and Principé seem to be treated as a part of Africa. This decree, or at least the account in the English edition of the B. I. D. D., does not mention the unit, but presumably it is the decaliter as before. The punctuation given above is as found, but in the description of foreign products the reading is: "wines, ordinary and liqueur, and wine vinegar, in casks."

68 In Sao Thomé and Principé there was to be an intermediate rate in the fourth and fifth years of 100 reis on the weaker wines and 800 on the stronger. Art. 30 of the law, according to the English and Spanish texts of the B. I. D. D., provides that "the full differential benefit" of the tariffs in force on Portuguese goods "shall cease to be applied as regards wines" and other alcoholic beverages. Whatever else this means, it is not an abandonment of the differentials.
Mozambique, on wines above 16°, is the differential made comparatively small—45,000 as compared with 50,000 reis.

**DISTILLED LIQUORS: RATES AND PREFERENCES.**

In the tariffs of 1877–1882 distilled liquors paid mostly 9,000 to 12,000 reis per hectoliter of liquid. The Portuguese product paid 30 per cent or 50 per cent of these rates, as mentioned above.

Among other provisions of the Brussels treaty of 1890 there were included provisions for restricting the liquor trade and the trade in arms. A minimum duty of 15 francs per hectoliter (10.98 cents per gallon) of alcohol at 50° centesimal was required in all the African colonies between 20° N. and 22° S. The provisions of this treaty effective on April 2, 1892, applied to all islands within 100 marine miles of the coast; but Sao Thomé and Principe are a little beyond and the Cape Verde Islands are considerably beyond this distance. This called forth the Portuguese decree of August 3, 1892, which set a rate of 2,700 reis per hectoliter (11 cents per gallon) of alcohol of 50° in the Congo district, where previously there had been no duty, in accordance with the final act of the conference of Berlin. In Guinea the tariff of 1892 established a rate of 2,700 reis per hectoliter of liquid, regardless of kind or strength and without differential; but in the other African colonies the tariffs of 1892 increased the rates, apparently without regard to the Brussels treaty, for the previous rates had been high enough to meet the treaty requirements.

The new rates ran from 12,000 to 40,000 reis per hectoliter of liquid, and except in Sao Thomé and Principe the differential was decreased to 40 per cent. In those islands the differential was expressed in specific rates, and amounted to 80 and 85 per cent. In 1897 the 40 per cent differential was introduced into Guinea by raising the rate on foreign brandies, etc., to 4,500 reis.

Meanwhile, in 1895, in the other African colonies the differential, as reckoned in percentage, has been decreased by the imposing of an increase on all distilled liquors equal to half of the duty on the foreign product, while no differential was allowed on the increase.

In 1899 increases were made in Ambriz and in Loanda, Benguela, and Mossamedes, the latter being an addition applied without differential. In this year the Brussels treaty was revised, though the new rate of 70 francs per hectoliter of alcohol at 50° did not come into force until 1900. Decrees of July 7, 1900, raised the rate for the Congo district, Ambriz, Guinea, and the Nyassa Company's territories to 12,600 reis, with proportionate increases for greater strengths, the increase specified being 252 reis for each degree above 50°. In the rest of Angola and of Mozambique north of the Sabi the new rates made no great changes in the general level of the rates or of the differentials. The foreign rates in Mozambique ran from 20,700 to 45,000 reis and in Angola from 25,101 to 57,811 reis, with

59 $0.37 to $0.49 per gallon. Some paid 18,000 in Loanda, Benguela and Mossamedes, and the rates in Guinea were only 2,900 and 4,000 reis.
58 The Brussels treaty was not mentioned in the discussion above of the duties on wines, for the reason that those duties seem always to have been above the minima established in the treaty of 1890 and its revisions of 1899 and 1900. The rate prescribed applied to all spirituous beverages, but, as the application was based on alcoholic content, the less intoxicating liquors were not much affected. The treaty of 1899 makes explicit what was apparently the interpretation in practice of the earlier treaty, that liquors under 50° centesimal were taxed proportionately less, as those over 50° were taxed proportionately more than the rate stipulated for the basic unit.
60 Principé was not included.
differentials ranging from 23.2 per cent to 26.6 per cent and from 18.8 per cent to 25.4 per cent, respectively. Intermediate rates half way between those for foreign and national products, respectively, were provided for foreign liquors reexported from Portugal.

By the law of May 7, 1902, the importation of distilled liquors was prohibited in Mozambique south of the River Sabi, in Inhambane, and in the military district of Gaza. A like prohibition on alcohol was imposed in Sao Thomé and Princípe, and rates of 45,000 and 70,000 francs per batch were imposed on gin, liqueurs, etc.

The Brussels conference of 1906 raised the minimum rate on spirituous liquors in the territory between 20° north and 22° south to 100 francs (78.05 cents per gallon), retaining the former unit and method of levying.22 The decree of November 28, 1907, which put in force the revised rates, raised the duty in the Congo district, Ambriz, and Guinea to 18,000 francs per hectoliter of 50°.

Apparently there has been no general legislation since 1907, but according to the law of May 27, 1911, distilled liquors23 were charged in Angola 60,000 francs per hectoliter ($2.45 per gallon) if of Portuguese production and 160,000 francs if foreign, and the Mozambique tariff of 1916 imposes rates from 30,000 to 63,000 francs per hectoliter of 50° centesimal on Portuguese, as against 35,000 to 80,000 francs on foreign.

**SUMMARY.**

With few exceptions the whole history of the wine duties in the Portuguese colonies since 1892 is one of increasing rates and increasing differentials. After making Portuguese wines entirely free, duties were put on them or the rates were increased only simultaneously with offsetting increases in the rates on foreign products. The chief exceptions are that there was in Guinea from 1892 to 1897 no differential, and that some of the increases in Angola in 1911 and in Mozambique in 1916 were not offset by increases on the foreign product; but in these cases the rates on the Portuguese product had previously been insignificant, and after the change the smallest differential—favoring the Portuguese product—on wines under 16° was in no case less than 86 per cent of the foreign rate. On distilled liquors the percentage of the differential has been, on the whole, steadily decreased; in absolute amount it first was increased, then was maintained for a period at an even ratio, later was reduced, and finally was again increased.

**IV. Tariffs of Colonies Individually.**

[Those not wishing to follow the detailed discussion of Portuguese tariff policy as applied in the separate Portuguese colonies should pass over pp. 498-527, inclusive. They were prepared for detailed study, rather than for the general reader. Summaries will be found on pp. 506 and 517.]

**PROVINCE OF ANGOLA.**

**Location and Divisions.**

The colony of Angola lies on the west coast of Africa, south 74 of the Belgian Congo, north of (former) German Southwest Africa, entirely

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22 All these treaties required the imposition of a like excise duty on the local production of distilled liquors. By special exception this treaty of 1906 allowed the Government of Angola to return to the distillers 30 per cent of this charge, the rebate to be used in transforming their plants into sugar factories.

23 Prepared rum, gin, brandy, and other alcoholic beverages. The importation of alcohol was prohibited.

74 Except the enclave, Cabinda, which lies on the coast north of the Congo.
within the tropical zone. It has an area of 484,000 square miles and a population of perhaps 4,000,000. For purposes of customs administration, it is divided into three divisions or districts—a free-trade zone, the district of Ambriz, and the district of Loanda, Benguela, and Mossamedes.

(A) Free-Trade Zone.

The free-trade zone embraces a small enclave north of the Congo River (known as Cabinda) and that part of Angola which lies north of the River Logé and, further inland, of the watershed of the Congo. This zone—the Portuguese Congo district—is within the conventional basin of the Congo, and is therefore subject to the provisions of the final act of the conference of Berlin. Accordingly, the tariff régime was regulated until recently by the treaties which have already been fully considered in the sections on the French colonies and on the Belgian Congo, and it need here be summarized only by saying that by the treaty of 1885 no import duties and no differential duties were permitted; in 1890 (effective 1892) maximum import duties of 10 per cent were allowed; but under Portugal's treaty of 1892 with the Congo State and France the rate actually levied was set at 6 per cent, with some exceptions, and this rate was maintained until, in 1902, it was increased to 10 per cent. In 1911 the treaty with the Congo State and France was terminated. But an amendment made in the preceding year (1910) to the treaty of Berlin authorized duties greater than 10 per cent on arms and powder. It does not appear that the import rates have been changed since 1892, except (1) by the legislation already noted for the colonies generally, and (2) by certain legislation valid for the whole of Angola \(^{72}\) and (3) by legislation in regard to alcoholic beverages.\(^ {76}\)

By the treaty of 1892 export duties were set at 10 per cent on rubber and ivory and at 5 per cent on other tropical products. Framed in accordance with this provision, the schedule of specific duties on exports contained some rates much greater than those previously in force, as may be seen in the following lists:

**Table 3.**—*Export duties of the Portuguese Congo district.*

<table>
<thead>
<tr>
<th>Article</th>
<th>Decree of Sept. 2, 1886.(^ b)</th>
<th>Treaty of 1892.(^ c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ivory</td>
<td>9,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Rubber</td>
<td>3,600</td>
<td>7,200</td>
</tr>
<tr>
<td>Coffee</td>
<td>2,400</td>
<td>1,683</td>
</tr>
<tr>
<td>Copal</td>
<td>1,200</td>
<td>1,485</td>
</tr>
<tr>
<td>Red</td>
<td>1,200</td>
<td>270</td>
</tr>
<tr>
<td>White</td>
<td>400</td>
<td>495</td>
</tr>
<tr>
<td>Palm oil</td>
<td>200</td>
<td>252</td>
</tr>
<tr>
<td>Oleaginous seeds and groundnuts</td>
<td>200</td>
<td>245</td>
</tr>
<tr>
<td>Sesame</td>
<td>200</td>
<td>225</td>
</tr>
</tbody>
</table>

\(^{a}\)1,000 reis per 100 kilos = $0.49 per 100 pounds.
\(^{b}\)B. I. d. D. No. 11, 1881.
\(^{c}\)Pautas Vigentes, p. 66.
\(^{d}\)Pieces.
\(^{e}\)Tusks up to 5 kilos.
\(^{f}\)Tusks over 6 kilos.

\(^{72}\)See pp. 501—506.
\(^{76}\)See p. 495. A decree of Aug. 19, 1914, raised the export rate on uncleaned coffee to 10 per cent, but there is some doubt whether this ever came into operation. See p. 506; footnote 1.
These export duties continued in force apparently until superseded, except as to palm kernels and palm oil, by the provincial legislation of 1920 (see p. 506), but necessarily in the Congo Basin the rates to foreign countries are the same as to Portugal.

(B) District of Ambriz.

Ambriz lies somewhat north of 8° south latitude and is, therefore, within the territory which was claimed by Portugal throughout the nineteenth century, but not recognized as Portuguese until the conference of Berlin. While various regulations or rates apply to the whole province of Angola, and others to all parts thereof outside of the free-trade zone, Ambriz has always had its own tariff separate from that of Loanda, Benguela, and Mossamedes.

TARIFFS BEFORE 1892.

After it had been occupied by the Portuguese in 1855, the English obtained a promise that the Portuguese "would send orders to the governor general of Angola * * * to desist from all interference with the existing state of things in so far as relates to foreign trade and intercourse, which order * * * should hold good until an understanding could be effected between the two Governments with regard to the Portuguese claim to possession." 77 No treaty was agreed upon, although the Portuguese were willing to concede low duties, because the British desired assurances not unlike those ultimately incorporated in the final act of the conference of Berlin. Whatever the exact status after the Portuguese promise, a decree of October 10, 1856, imposed 12 per cent on foreign goods imported from foreign countries in foreign vessels, 10 per cent on the same imported in Portuguese vessels, 4 per cent on foreign goods reexported from Lisbon and Oporto, and 3 per cent on Portuguese goods in Portuguese vessels. The export duties were 3 per cent to foreign ports and 2 per cent to national. By treaty, however, French, English, and American goods, imported directly, paid only 6 per cent. All imports paid an additional 1½ per cent for public works. As no duties were collected in the unoccupied territory north of Ambriz, the foreign traders moved to Quíçembo, Ambrizette, and other points, and little income was derived from these duties. 78 Consequently, a decree of November 12, 1869, imposed a duty of 4 per cent on all national or foreign goods imported, regardless of the nationality of the vessel in which they were imported, and an additional levy of 2 per cent for public works. 79 This decree levied no export duties. 80 A report from the American consul at Boma (1914) refers to the quasi-recognized contraband trade between Loanda and Ambriz. Goods imported through Ambriz and then passing through other customhouses in Angola paid the consumption duties in the latter. By decree of December 30, 1880, warehoused goods reex-

78 See Tito de Carvalho, Les Colonies Portugaises au point de vue Commercial, Paris and Lisbon, 1900, pp. 41, 42. António Pedro de Carvalho, As Pautas das Alfandegas das Provincias Ultramarinas, Lisbon, 1870, pp. 45, 46.
80 "It is formally prohibited to send to any place south of Ambriz, by commercial messengers or in any other manner, goods and merchandise intended for barter." (Art. 11.) This seems to have become a dead letter.
imported north of Ambriz were required to leave the customhouse within three months and to pay 3 per cent ad valorem as storage, while such goods reexported from other points were entitled to six months' storage free.

**Tariff of 1892.**

Apparently there was no further legislation until the general revision of the colonial tariffs in 1892. The law of April 16 of that year began with the usual provisions that Portuguese products and goods nationalized in Portugal should pay in Ambriz only 10 per cent of the duties paid on similar products from foreign sources, i.e., Portuguese goods should benefit by a 90 per cent reduction in the duty, and that foreign goods reexported from elsewhere in the province of Angola or from the other transmarine provinces should benefit by the same reductions, certificates of origin being required in all cases. It was further stipulated that the products of other parts of Angola and of the other transmarine provinces should pay 6 per cent ad valorem, and that Portuguese products or foreign goods nationalized and reexported from other parts of Angola, except the Congo district, or from other transmarine provinces, should be free; those from the Congo district were to pay the full duty. (Art. 6, 7.) All goods reexported to destinations outside of Angola were to pay 2 per cent. (Art. 13.) The coasting trade of the province was restricted to Portuguese vessels (art. 15), but under the Berlin treaty of 1885 this would not apply to the Congo district. Foreign vessels arriving from abroad might carry portions of their cargo to further ports, or they might transship it; but such vessels so proceeding must go through certain formalities from which national vessels were exempt and transshipment could be made only to national vessels. The trade with the other colonies might be carried on in foreign ships according to the decree of August 18, 1881. The importation of Portuguese money from foreign ports was prohibited, as was that of foreign silver and copper generally. These provisions seem to be still in force.

The rates of import duty in the Ambriz separate tariff of 1892 have remained practically unchanged. The tariff schedule contained 30 items, with a provision for a duty of 6 per cent on all articles not specified. The rate on "trade" guns, gunpowder, salt, watches, and a considerable list of miscellaneous manufactures was 10 per cent; foreign-built vessels of not over 200 cubic meters were to pay 12 per cent, clocks were to pay 25 per cent, and the other 22 items had specific rates, some of which are given in the table on page 519.

In addition to the 90 per cent reduction of these rates enjoyed by Portuguese goods, further differentials appear in that, of the 24 articles on the free list, 11 were free only when they were of national origin.\(^{81}\) The chief articles free of duty, no matter from what source, were agricultural and industrial machines and scientific instruments, railway cars and rails, coal, living animals, vessels of over 200 tons, roofing felt, ice, books, sewing machines, and glass and earthenware vessels used in importation.

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\(^{81}\) E.g., buildings of iron, or partly of iron, put together or not; timber for building, bricks and building stone, vessels or parts of vessels, fishing nets and twine for nets, cases, and sacks and packing cloth.
The export schedule was very simple:  

<table>
<thead>
<tr>
<th>Description</th>
<th>Per cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ivory and rubber to Portuguese ports</td>
<td>7</td>
</tr>
<tr>
<td>Ivory and rubber to foreign ports</td>
<td>15</td>
</tr>
<tr>
<td>All other goods to Portuguese ports</td>
<td>3</td>
</tr>
<tr>
<td>All other goods to foreign ports</td>
<td>10</td>
</tr>
</tbody>
</table>

These rates of the tariff of 1892 appear to have remained unchanged, except in so far as legislation for the colonies generally or for the whole province of Angola have changed them, and except the rates on alcoholic beverages and cotton textiles. Because of the difference between the rates of duty at Ambriz and those at Loanda and of the increasing facilities for commerce overland between these places, it was felt necessary to increase the duty on cotton textiles at Ambriz to prevent Loanda from losing all its customs receipts from cotton. Accordingly, by decree of August 11, 1913, the rate on cotton textiles was raised from an ad valorem of 10 per cent—officially declared to be equivalent to 75 reis per kilogram—to a specific duty of 225 reis per kilogram (11 cents a pound), and at the same time the rate at Loanda was decreased from 500 reis per kilogram to 375 reis.\(^2\)

(C) District of Loanda, Benguela, and Mossamedes.

Loanda, Benguela, and Mossamedes are the three most important ports and apparently the only customhouses south of Ambriz in Angola, and they are practically always grouped in the tariff laws and decrees. The regulations promulgated for them often apply also to Ambriz, or to the whole province of Angola, including the Congo district. In this situation a description will be given first of the separate tariff of Loanda, Benguela, and Mossamedes as it existed in the eighties and early nineties, and then of the modifications which have taken place since, including those changes, specified as each is mentioned, which apply also to Ambriz or to the whole province.

Tariffs before 1892.

By decree of December 22, 1881,\(^3\) import and export tariff schedules were promulgated for these ports. Products of Portugal, and foreign products "nationalized" in Portugal, paid only 30 per cent of the scheduled rates, making a differential of 70 per cent; and foreign goods reexported from Portugal paid only 70 per cent of the rates, making the differential 30 per cent. (Arts. 2 and 3.) Such goods might arrive via customhouses of other provinces. Products of the other transmarine provinces, except Guinea, or goods nationalized in them, were also to pay only 30 per cent of the rates paid by foreign goods. At Loanda there was a duty of 2 per cent on re-exportation. In general, free transit was allowed within the province, the free importation of colonial products from the ports north of Loanda into Loanda, Benguela, and Mossamedes being specified. (Arts. 5–9.) The ad valorem duty was calculated on the invoice value plus 20 per cent. (Art. 11.)

\(^2\) See preamble to the decree in the Diario do Governo, Aug. 11, 1913. This new rate was set for a period of five years unless the tariffs of 1892 were revised sooner. Note that this rate was decreased at Loanda only, not at Benguela and Mossamedes, and that the law of Aug. 15, 1914, fixed the duty at 400 reis throughout Angola for a period of five years.

\(^3\) B. I. d. B. No. 10. Loanda, Benguela, Mossamedes, No. 1.
Some of the 20 specific duties (39 specifications) are given in the table below. The last item included plush, building wood, and manufactures of precious metals at 10 per cent; toys, twine, music boxes, beads, hats, cutlery, pipes, boots, porcelain, paper, matches, hardware, glass, etc., at 25 per cent; and uniforms, clothing, and all articles not specified at 20 per cent.

The free list included agricultural and industrial machinery and agricultural tools, live animals, carts, coal, ice, books, fish lines and nets, vessels, plants and fresh fruits, fresh and dry vegetables; and native salt, sugar, and brandy. The only differential treatment is in respect to Portuguese coin, which is admitted free from Portuguese ports whereas its entry from foreign ports is prohibited.

The export duties established in 1881 were: On ivory, 3 per cent if destined to foreign and 2 per cent if to Portuguese ports; on the chief products of the country—rubber, wax, coffee, hides, gum, fish, oleaginous products—5 per cent if to foreign and 3 per cent if to Portuguese ports. Articles not listed paid no export duty.

Between 1881 and 1892 three changes were made in the rates or classifications of iron, including the grant of free entry for iron buildings.

The tariff of 1892 continued the rate of 20 per cent for articles not specified, but expanded the lists and classifications of articles subject to specific duties, and in general increased the rates.

Some rates, however, were decreased, but even on these the differential on Portuguese goods was increased, both relatively and absolutely. Portuguese goods were hereafter to pay 10 per cent instead of 30 per cent of the rates applicable to foreign goods, and foreign goods, except tobacco, reexported from Portugal were to pay 80 per cent instead of 70 per cent of said rates. Thus Portuguese goods were to pay in the future only one-eighth as much as was paid by foreign goods reexported from Portugal, as compared to the three-sevenths which they had been paying. National goods arriving by way of other transmarine provinces and foreign goods nationalized in these provinces were to pay the 10 per cent rate; except that those subject elsewhere to lower duties, or no duties, were to pay the difference when arriving in Loanda, Benguela, and Mossamedes. No

<table>
<thead>
<tr>
<th>Average rate on</th>
<th>1890</th>
<th>1893</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutiable goods of foreign origin</td>
<td>30.5</td>
<td>31.3</td>
</tr>
<tr>
<td>Dutiable goods from Portugal and Portuguese colonies</td>
<td>4.6</td>
<td>5.8</td>
</tr>
<tr>
<td>Total, including free imports</td>
<td>18.9</td>
<td>22.6</td>
</tr>
<tr>
<td>All exports</td>
<td>3.1</td>
<td>3.1</td>
</tr>
</tbody>
</table>


Alcohol, brandy, and tobacco were exceptions, the former paying 60 per cent of the foreign rate, but tobacco a specific rate less than 5 per cent of the foreign rate. This last continued the rule established in the general law of Dec. 1, 1887.

Foreign tobacco receives no reduction of duty if reexported from Portugal.
provision was made for products of other colonies. The duty of 2 per cent on reexportation was made general, for all vessels and for all destinations outside of the province of Angola. Within the province transit was free. The coasting trade between the districts of Loanda, Benguela, and Mossamedes was reserved for Portuguese vessels. Foreign vessels—entitled as they were by virtue of treaties and other regulations to carry portions of their cargo from port to port within the province—were permitted to transship cargo for expedition between such ports only to Portuguese vessels and with formalities not required of Portuguese vessels making such transshipment.

The number of tariff items was increased to 41, and the speciﬁcations to 88. Ad valorem rates were retained only, for articles not speciﬁed, 20 per cent; precious metals and watches, 10 per cent; foreign vessels not exceeding 200 cubic meters, 12 per cent; clocks and men’s hats, 25 per cent. Some of the speciﬁc rates are given in the table on page 519, which shows a number of increases. The free list is somewhat changed, being, except for the addition of mineral waters, the same as that of Ambriz; i. e., it contained nearly a dozen items which were free if Portuguese but dutiable if foreign products. It should be noted that the differentials were for the most part 20 per cent ad valorem, inasmuch as most of the articles admitted free from Portugal fall within the classiﬁcation “articles not speciﬁed.”

Further differentials appear in the industrial tax—\( \frac{3}{4} \) per cent on foreign goods as against 1 per cent on Portuguese; and in the charge for transferring goods from the ship to the customhouse, 1\( \frac{1}{2} \) reis per kilogram as against 1 real.

The export duties and their differentials had already been changed provisionally in 1891 and were conﬁrmed by this tariff act of 1892. Instead of differential duties of 2 per cent against 3 per cent and 3 per cent against 5 per cent the rates became:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>On ivory to Portuguese ports</td>
<td>2</td>
</tr>
<tr>
<td>On ivory to foreign ports</td>
<td>10</td>
</tr>
<tr>
<td>On all other goods to Portuguese ports</td>
<td>3</td>
</tr>
<tr>
<td>On all other goods to foreign ports</td>
<td>15</td>
</tr>
</tbody>
</table>

These differentials have been sufﬁcient to send most of the exportation to Portugal.

Since 1892 there has been no general revision of the differentials in force in Angola. However, the decree of November 28, 1917, reorganized the government of the province and granted to it greater powers of self-government. This decree requires that products of Portugal or of the colonies shall enter Angola at reduced rates, the reduction to be determined by the governor general with the afﬁrmative vote of the council of government, but to be not less than 50 per cent, and the products of Angola are to enjoy an equal reduction on importation into the mother country or into any other

**Footnotes:**
69 Arts. 15 and 17. See the order of Aug. 1, 1913, ruling that salt from Ambrizette should enter free, and the decree of Aug. 11, 1913, pointing out that no transit duties can be charged in Angola.
70 Arts. 17 and 18. The decree of Aug. 18, 1891, allowing foreign ships to trade between the different transmarine provinces remained in force.
81 Small vessels are mentioned as above; foreign bricks paid 4 reis per kilogram; glassware not otherwise speciﬁed, 150 reis per kilogram; sacks, 50 reis per kilogram (23 cents per pound).
73 Reservation is made in regard to treaty obligations; i. e., no differential is allowed in the Congo district.
colony. The preference of 20 per cent on foreign goods reexported from Portugal is maintained, but only when they are carried in national vessels.\(^4\)

Since 1892 few changes of importance have been made in the import duties except a general increase due to the war. In 1897 the rate on flour and cereals was reduced by half.\(^5\) In 1913, when the duty on cottons was increased for Ambriz, it was lowered for the port of Loanda from 500 reis per kilogram to 375 reis. The law of August 15, 1914, however, reduced the rate, for a period of five years, for the whole province of Angola by 20 per cent.

A Portuguese decree of November 17, 1913, instituted for the province of Angola transit duties\(^6\) to be paid in appropriate cases instead of the import duties. The rates were 3 per cent for goods arriving by sea and leaving by land and \(\frac{1}{4}\) per cent for goods arriving by land and leaving either by land or by sea; but in no case to exceed the import duties.

By a law of July 22, 1914, an addition of 2 per cent of the duty was put on all goods imported, except wines from Portugal or the Portuguese colonies. This was for a special fund for the execution of public works. The war apparently caused no increase until November, 1917, when two decrees\(^7\) reimposed the additional duty of 1914 and added to it for the period of the war a surtax of 10 per cent ad valorem on all goods imported, with the exception of a considerable list of foodstuffs—rice, oil, potatoes, barley, wheat flour, condensed milk, alimentary pastes, ham, bacon, red and white wine up to 14\(^{\circ}\), and Portuguese cheese.

Changes in the export duties since 1892 have been somewhat more important. In 1901 it was decreed that cotton from Angola should be exempt from export duty for 15 years and that sugar from Angola and Mozambique should pay only one real per kilo.\(^8\)

A number of decrees of 1910–1914 reduced export duties, partly for temporary reasons, but mostly to stimulate the trade of the country. Shortly after the revolution in 1910 the duty on the exportation of fish oil from Angola to foreign ports was reduced from 15 per cent to 7 per cent, the rate on that sent to Portugal being reduced only from 3 per cent to 2 per cent.\(^9\) A decree of November 25, 1913, applying to Angola outside of the conventional basin of the Congo, was based on the considerations that the economic progress of Angola was dependent largely on agriculture; that from a large number of articles no revenue was being derived because they were not being exported, and that various fibers were not exported because of the high duty. This decree provided that cereals, vegetables, meats, dairy produce, and similar products of agriculture and animal husbandry should be exported on the payment merely of a statistical duty of one-tenth of one per cent if the destination were Portugal or of two-tenths of one per cent if to other destinations. Further, fibers, barks, plants, and medicinal or oil seeds or fruits.

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\(^4\) These provisions appear in art. 9 of the decree. See Diario do Governo, Nov. 28, 1917. This decree is in execution of the law of Aug. 15, 1914.

\(^5\) Decree of Nov. 5, 1897. B. I. d., D., 4th Sup. to No. 10. The reduction was from 30 reis per kilogram to 15 reis, and it applied also to Ambriz.

\(^6\) Transit duties are forbidden in the Congo district by the treaty of Berlin.

\(^7\) Nov. 12 and 21.

\(^8\) Decrees of Sept. 2, 1901, ibid., 8th Sup.

\(^9\) Decree of Nov. 28, 1910, ibid., 11th Sup.
except coconuts, and in general all vegetable raw materials not specified in the customs schedules should be exported on payment of 3 per cent ad valorem if sent to Portugal and 6 per cent if sent elsewhere.\(^1\)

For fiscal reasons, increases have been made in recent years in the export duties. The Portuguese law of July 22, 1914, establishing a fund for public works imposed surtaxes of 3 per cent ad valorem on rubber and 1 per cent ad valorem on all other goods exported from Angola. By decree of November 12, 1917, Ambriz was excepted from this surtax on rubber, and by decree of November 21, 1917, a surtax of 3 per cent was placed on palm oil, coconut oil, and similar oils destined for Portugal, with a differential increasing the surtax to 11 per cent when the articles were for foreign destinations. From April to July, 1920, the duties upon coffee, hides, palm oil, and palm kernels were fixed at specific rates on a sliding scale according to prices, but a provincial law of July 30, 1920, returned to the system of ad valorem rates. The law was applicable throughout Angola except that the rates on palm kernels and palm oil were not applied in the Congo district. The rates are as follows for exports to foreign countries, exports to Portugal receiving a preference of one-half:

<table>
<thead>
<tr>
<th>Per cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
</tr>
<tr>
<td>Palm kernels and palm oil</td>
</tr>
<tr>
<td>Oleaginous seeds</td>
</tr>
<tr>
<td>Hides and skins</td>
</tr>
<tr>
<td>Wax</td>
</tr>
<tr>
<td>Rubber</td>
</tr>
<tr>
<td>Cotton</td>
</tr>
</tbody>
</table>

**SUMMARY: TARIFFS OF THE THREE DIVISIONS OF ANGOLA.**

In the free-trade zone there are now in force import duties of 10 per cent, with higher duties on arms and powder.

In Ambriz, since 1892,\(^2\) there has been a low tariff with a general rate of only 6 per cent,\(^3\) but with a differential of 90 per cent of the duty in favor of Portuguese products, and of 20 per cent of the duty in application to foreign goods reexported from Portugal; that is, Portuguese products pay one-tenth of the 6 per cent, and foreign goods reexported from Portugal pay four-fifths. These differential rates apply also to the products of the other colonies, excluding the free zone (Congo district), but including the rest of Angola. Further differentials appear in a free list which applies to certain Portuguese products while similar foreign products pay usually 6 per cent.

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\(^1\) A decree of Aug. 19, 1914, provided for a slight reduction of the differential on coffee exported from Angola (outside of the conventional basin of the Congo) and for a large increase in the rate on the exportation of uncleaned coffee. The object was to force producers to send out a better grade of coffee. The rates imposed were:

<table>
<thead>
<tr>
<th>Cleaned coffee to—</th>
<th>Per cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal in Portuguese ships</td>
<td>5</td>
</tr>
<tr>
<td>Foreign countries in Portuguese ships</td>
<td>9</td>
</tr>
<tr>
<td>Foreign ports in foreign ships</td>
<td>11</td>
</tr>
<tr>
<td>Foreign ports on the west coast of Africa</td>
<td>6</td>
</tr>
<tr>
<td>Uncleaned coffee</td>
<td>25</td>
</tr>
</tbody>
</table>

This decree was to have gone into effect Aug. 1, 1915, but a law of Sept. 8, 1915, postponed it until Feb. 1, 1916, and a decree of June 21, 1916, postponed it for eight months from that date. It does not appear in Kelly's Customs Tariffs, 1921. The postponements were due to the difficulty of getting the proper machinery for cleaning the coffee.

\(^2\) From 1856-1869 there were differential duties; from 1869-1892 there were import rates of 6 per cent on all goods, without differentials.

\(^3\) This is lower than the rate which has been in force in the free zone (Congo district) since 1902, and is much lower than the rate in force in the rest of Angola.
Loanda, Benguela, and Mossamedes, since 1881, the rate of import duty for articles not specified has been 20 per cent ad valorem. Since 1892, when the rates were raised, many articles on which rates are specified have paid much higher duties. During the war there was introduced a general surtax of 10 per cent ad valorem. There are differentials both in the import and in the export duties. In 1892 the rate of import duty to be paid by Portuguese products was reduced from 30 per cent of the general rate to 10 per cent, but the colonial governments have recently been authorized to decrease this differential by levying upon Portuguese products as much as 50 per cent of the general rate. The reduction in favor of foreign goods re-exported from Portugal was decreased in 1892 from 30 per cent of the general rate to 20 per cent. In 1917 the benefit of this reduction was restricted to goods shipped in Portuguese vessels. Port charges add further differentials, and the arrangement of the free list renders the differential on certain articles equal to the whole amount of the duty charged on the foreign product. Portuguese tobacco pays less than 5 per cent of the rate paid by the foreign product. The small differentials of the export duties were considerably increased in 1892. Products destined for Portugal were to pay 3 per cent ad valorem, those for other destinations, 15 per cent; except ivory, which was to pay 2 per cent in the one case and 10 per cent in the other. After the Portuguese revolution of 1910, with the object particularly of stimulating trade in articles not previously exported in quantities or articles in which the trade was not flourishing certain lower rates and smaller differentials were introduced in Angola; but the war brought some surtaxes, e. g., that on the export of edible oils, which increased the differential from 15 per cent against 3 per cent to 26 per cent against 6 per cent, and since the war rates of 6 to 24 per cent have been imposed with a preference of one-half to exports to Portugal.

**PROVINCE OF MOZAMBIQUE: PORTUGUESE EAST AFRICA.**

**Location and Divisions.**

The colony of Mozambique or Portuguese East Africa lies along the coast, astride of the Zambesi River, paralleling the island of Madagascar, with former German East Africa to the north, and Rhodesia, the Transvaal, and Natal to the west and south. It lies almost wholly within the tropical zone, but reaches at the south almost to latitude 27°. It embraces an area of 295,000 square miles, with a population of over 3,100,000. It has a coast line of 1,430 miles.

For administrative purposes this territory is divided into several parts and has at least three tariffs. North of the Zambesi River are the district of Mozambique—with the ocean ports of Mozambique, Quelimane, and Chinde,—and the inland river port of Tete—and the territories granted as a concession to the Nyassa Company. The territory projecting northwestern, on both sides of the river, is known as Zambesia, but it has no separate tariff system. The territory south of the Zambesi is sometimes called Sofala, but more popularly Lourenço Marques. The name Sofala is applied at other times.

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4 The British have a concession of about 25 acres at Chinde. It was leased in 1891 for a period of 99 years. The concession remains under the sovereignty of Portugal but is exempt from all Portuguese rates, taxes, and customs duty. It serves as a port of entry for British Nyasaland and portions of Rhodesia.
to only a part of the district of Gasaland, and is found in the tariff laws associated with Manica as comprehending the concession of the Mozambique Company; and the name Lourenço Marques is used usually in reference to only the chief port of the colony or its customs district. The port of Lourenço Marques is situated on Delagoa Bay in the extreme south and is important for its transit trade with the Transvaal. Inhambane is another port and district south of the Zambesi for which there is sometimes separate legislation. It is designated in the Novissimo Manual, 1910, as “Inhambane south of the River Sabi” in distinction to Mozambique and Zambesia, which are within the territory to which the treaties of Brussels apply. The River Sabi, about 60 miles north of 22° south, is used as a boundary for the tariff legislation relative to alcoholic beverages in execution of these treaties and (as would appear from the expression just quoted) also as a boundary of the Mozambique Company’s concession, which also extends on the map to 22° south. The boundary of the conventional basin of the Congo comes down the Zambesi-Shire watershed and follows the Zambesi to the sea. The northern half of Mozambique therefore lies within the conventional basin; it would be subject to the free-trade and open-door provisions of the final act of the conference of Berlin, had not a “reservation” made by the Portuguese delegates at the conference excluded it therefrom.

**A Mozambique except Territories under Chartered Companies**

**TARIFF OF 1877.**

When the British were negotiating with the Portuguese in 1882–1884 in regard to the recognition of the Portuguese claim to territory on both sides of the mouth of the Congo, they obtained the inclusion in the draft treaty of a provision that the tariff to be enforced in this territory should not exceed the rates stipulated in the tariff of Mozambique of 1877 (without the differential duties). By the tariff thus accepted as a model all articles were admitted free unless included in the 24 specifications enumerated. Textiles, except some cottons listed for specific duties, were to pay 10 per cent; most manufactures of metal, 6 per cent; vessels, 3, 4, or 5 per cent; and the other articles named were listed at low rates, as may be seen from the examples quoted in the general table on page 519. Export duties were also low—6 per cent on ivory, 4 per cent on rubber, wax, and cowries, 2 per cent on gums, skins, and hides, and 1 per cent on orchilla and oleaginous seeds.

The differential in favor of the products of Portugal or Portuguese colonies, or of products nationalized in Portugal, was 50 per cent of the import duty.\(^4\) There were no differentials on exports, but the 50 per cent differential appears also in the transit duty of 3 per cent on goods destined by land or river for territories north or south of the Portuguese possessions, or for regions beyond the confluence of the Zambesi and the Shire.\(^5\) Coasting trade between the customhouses of the Provinces, and in some cases to other ports, was open to foreign vessels.

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4 Decree of July 30, 1877, art. 41. B. I. d. D., No. 10, Mozambique No. 1.
5 Art. 70. The intent of this article is not clear; it employs the term “foreign goods” and then says the reduced duties of article 41 are applicable to these goods. By strict construction it would seem to mean that the differential was granted not to Portuguese products but to foreign goods nationalized in Portugal.
In 1880 the import and export duties were increased by one-fifth, and general rates were imposed on all articles not enumerated, on imports 3 per cent and on exports 1 per cent; but a free list was instituted similar to that of 1882 for Loanda, Benguela, and Mossamedes. In 1891 tobacco rates were increased, except to Cape Delgado, the most northerly port; and other increases were made on alcohol, guns, and gunpowder in Lourenço Marques, and Inhambane.7

**Tariff of 1892.**

The purpose of the tariff of 1892 was to increase the differential on imports from Portugal; to raise the rates greatly on all goods in which the Portuguese were already competing; also, to obtain more revenue from alcohols, on which the higher rates of Lourenço Marques and Inhambane were extended to the other customhouses, while national wines formerly free were subjected to moderate duties.8 Cape Delgado and Lourenço Marques were given separate rates, to enable goods imported through them to compete in the trade of the hinterland. None of these separate rates were higher and some were lower than those of neighboring foreign ports.9 Portuguese products, or foreign products nationalized in Portugal, were to pay only 10 per cent of the foreign rates; and there was introduced a differential in export duties. Foreign goods, except tobacco 10 reexported from Portugal paid only 80 per cent of the duties. Distilled beverages of Portuguese origin or nationalized in Portugal paid 60 per cent of the usual duty. Products of the colonies, or goods nationalized therein, paid in Mozambique the difference in the duties applicable to the articles in question if the rates of Mozambique were higher than those of the colony of origin.11 These differentials did not apply to the territories under the administration of companies, either for imports from Portugal or the colonies or for exports thereto.12 The coasting trade remained open to foreign vessels. The ad valorem duties were to be calculated on the value of the goods at the place of origin, but if the invoices did not include freight, insurance, and commission, the valuation was increased by 25 per cent.

The schedule of import duties had 39 items and 87 specifications, and provided for the rate of 5 per cent ad valorem on all articles not enumerated. It contained three columns, one for Cape Delgado, one for Lourenço Marques, and one for the rest of the province, but only on cotton yarns and textiles were the rates different in all three. For Cape Delgado 5 per cent was the rate on everything except alcoholic beverages, firearms, vessels of not over 200 tons, and clocks and watches; on these the rates were the same in all three columns. Lourenço Marques had the rate of 5 per cent on 34 of the specifications, while this rate appeared in the last column only for goods not specified. In this last column all the duties were specific except those on men's hats, foreign vessels of not over 200 tons, precious metals,

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7 Ibid., pp. 9–11. Decrees of Dec. 23, 1889, and Jan. 29, 1891. Other changes in import duties are referred to in the Pautas Vigentes, 1892, p. 150, with dates of Sept. 2, and Dec. 23, 1886.
8 Statement by the minister of marine and colonies. Pautas Vigentes, 1892, p. 160. This tariff was decreed on Dec. 29, 1892, while those of Guinea, the Cape Verde Islands, Sao Thomé, and Principe, India, the Congo district, Ambriz and Loanda, Benguela, and Mossamedes were decreed on Apr. 16.
9 Ibid., p. 161.
10 Tobacco was subject to the general law of June 1, 1887, by which Portuguese tobacco paid less than 5 per cent of the foreign rates.
12 See Manica and Sofala, p. 516.
CLOCKS AND WATCHES; I. E., THE SAME ARTICLES AT THE SAME AD VALOREM RATES AS IN THE TARIFF OF LOANDA, BENQUILA, AND MOSSAMADES OF THE SAME YEAR. THE SPECIFIC RATES WERE, AS WILL BE SEEN FROM THOSE GIVEN IN THE TABLE ON PAGE 519, VERY SIMILAR TO THOSE OF LOANDA, BENQUILA, AND MOSSAMADES. ACCORDING TO A REPORT OF THE GOVERNOR OF QUELIMANE FOR 1907-1909, BLEACHED COTTONS HAD BEEN PAYING A DUTY WHICH AVERAGED 57 PER CENT AD VALOREM AND COLORED COTTONS 52 PER CENT AD VALOREM; THE AVERAGE DUTY PAID BY ALL GOODS DUTYABLE AND FREE CAME TO 19.3 PER CENT.13

THE FREE LIST CONTAINED FURTHER DIFFERENTIALS. IT WAS THE SAME AS THAT OF LOANDA, BENQUILA, AND MOSSAMADES OF THE SAME YEAR (SEE P. 504), EXCEPT THAT IT OMITTED OXEN, IRON BUILDINGS, AND BUILDING TIMBER, AND APPLIED TO PULSE ONLY IF OF PORTUGUESE ORIGIN.

EXPORT DUTIES WERE IMPOSED IN A SINGLE SCHEDULE FOR THE THREE DIVISIONS OF THE PROVINCE. THE RATES WERE INCREASED CONSIDERABLY OVER THOSE PREVIOUSLY IN FORCE, AND, WITH THE EXCEPTION OF THOSE ON WAX, SHELLS, AND HIDES OF NONDOMESTIC ANIMALS THEY WERE INCREASED BY FROM TWO-THIRDS TO NINE TIMES THE PREVIOUS RATES, BUT WITH A MAXIMUM AD VALOREM RATE OF 10 PER CENT.14 (SEE TABLE ON P. 514.)

THE DIFFERENTIAL IN FAVOR OF EXPORTATION TO PORTUGAL WAS ONE-HALF OF THE DUTY WHERE THE RATE WAS NOT GREATER THAN 4 PER CENT, BUT ONE-FOURTH OF THE DUTY IN CASE OF THE HIGHER RATES.15 REEXPORTATION WAS PERMITTED TO FOREIGN COUNTRIES ON PAYMENT OF 2 PER CENT AD VALOREM; TO PORTUGAL, THE COLONIES, AND THE PARTS OF THE PROVINCE ADMINISTERED BY PRIVILEGED COMPANIES IT WAS FREE. (ART. 9.)

TARIFF CHANGES, 1892-1916.

THE NUMEROUS CHANGES MADE IN THE TARIFFS OF MOZAMBIQUE SINCE 1892 HAVE NOT BEEN TAKEN UP IN DETAIL, BUT SOME POINTS SHOULD BE MENTIONED. A DECREE OF THE HIGH COMMISSIONER OF MOZAMBIQUE ON NOVEMBER 1, 1895, SET FORTH A NEW SCHEDULE OF DUTIES FOR LOURENÇO MARQUES, TO BE IN FORCE FROM JANUARY 1, 1896. IN THE NEW SCHEDULE THE INCREASES OF RATES WERE MUCH MORE NUMEROUS THAN THE DECREASES, THOUGH THE RATE ON ARTICLES NOT SPECIFIED WAS REDUCED FROM 5 PER CENT TO 3 PER CENT; THE NUMBER OF ITEMS ON THE FREE LIST WAS DECREASED TO 15. THE DIFFERENTIAL ITEMS IN THE FREE LIST—ARTICLES FREE ONLY IF OF PORTUGUESE ORIGIN—WERE REDUCED TO FIVE, NAMELY, FISHING NETS, TWINE FOR NETS, CASKS, SACKS, AND VEHICLES. A NEW DIFFERENTIAL WAS INTRODUCED IN PROVISIONS THAT FOREIGN GOODS SUBJECT TO AD VALOREM RATES MUST PAY THE DUTY IN GOLD, AND THAT INVOICES MUST NOT BE MADE OUT IN PORTUGUESE CURRENCY.16 FURTHER CHANGES IN DIFFERENTIALS APPEARED IN THE PROVISIONS OF AUGUST 17, 1901, THAT SALT FROM PORTUGUESE INDIA SHOULD PAY ONLY 25 REIS PER DECALITER IN MOZAMBIQUE PROVINCE AND THAT THE

14 THE NEW RATES WERE:

<table>
<thead>
<tr>
<th>ARTICLE</th>
<th>PER CENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>IVORY, CLOVES</td>
<td>10</td>
</tr>
<tr>
<td>RUBBER, RHINOCEROS HUMS AND HIPPOPOTAMUS TASKS</td>
<td>8</td>
</tr>
<tr>
<td>COPAL, PEARLS, PRECIOUS STONES</td>
<td>6</td>
</tr>
<tr>
<td>WAX, EBONY, COWRIES AND OTHER SHELLS</td>
<td>5</td>
</tr>
<tr>
<td>SESAME, SKINS, GUMS OTHER THAN COPAL, AND NATIVE TOBACCO</td>
<td>4</td>
</tr>
<tr>
<td>ALL OTHER PRODUCTS</td>
<td>2</td>
</tr>
</tbody>
</table>

15 ART. 8. THE B. I. D. IS AMBIGUOUS IN ITS TRANSLATION AND INACCURATE BOTH IN THE TEXT AND IN THE TABLE OF RATES. THE TABLE IN THE PAUTAS VIGENTES, 1892, GIVES 15 PER CENT AS THE RATE ON "ALL OTHER PRODUCTS" FROM PORTUGAL, THOUGH ART. 8 OF THE LAW CALLS FOR A RATE OF ONE-HALF OF 2 PER CENT.
16 LATER, WHEN A PAYMENT EXCEEDED 1,000,000 REIS AT LEAST TWO-THIRDS MIGHT BE BY BILLS OF EXCHANGE IN MOZAMBIQUE, QUELIMANE, AND CHINDE. NOVISSIMO MANUAL, P. 14.
differential export duties on groundnuts and other oleaginous seeds should be 4 per cent and 2 per cent instead of 2 per cent and 1 per cent. A week later all vessels, sail or steam, imported into the provinces were put on the free list, so that in so far as these were concerned the differential disappeared. By a provision of September 2, 1901, sugar was to pay only 1 real per kilo upon exportation.\(^\text{17}\) Dry fish from Mossamedes (Angola) were admitted as if the produce of Portugal. The rate was 2 reis per kilogram.\(^\text{18}\)

Special provisions regulating trade with the Transvaal appear in the decree of August 10, 1903, which granted free exportation of maize to the Transvaal, and in those of September 20, 1904, and November 28, 1907, which respectively put export duties of £100 each on Angora goats and ostriches and £5 each on ostrich eggs, and then prohibited their exportation altogether, exception being made in each case of the colonies to the south and west of Mozambique, where there is or may be the same duty.\(^\text{19}\)

In 1911 and 1912 further changes in rates were made. The export duty on fish oil was raised to 7 per cent and that on ivory and on the horns and hides of the animals enumerated in the hunting regulations to 20 per cent.\(^\text{20}\) The import rates on automobiles were reduced and the differentials abolished,\(^\text{21}\) and the Government was authorized to reduce the rate on sugar.\(^\text{22}\)

A law of June 20, 1912, applied the existing duties of Lourenço Marques to Inhambane, including the provisions for payment of certain duties in gold.

**Tariff of 1916.**

A commission appointed in 1912 reported that the tariffs needed revision, especially as to the territory of Zambesia, to afford protection to the goods of the mother country and of the colonies and to effect a more equal distribution of the burden of the duties. This led to the revision in 1916 of the tariffs of Portuguese East Africa.

Import duties.—By this revision one schedule of rates, placed in the first column, applies to Lourenço Marques, Inhambane, and Mozambique, while another applies to the districts of Quelimane and Tete. The very important change was made of decreasing the differential accorded to Portuguese products and foreign goods nationalized in Portugal\(^\text{23}\) from nine-tenths to one-half, with a considerable number of exceptions. Some of these exceptions are named in the preliminary provisions (art. 17), and of them denatured alcohol imported south of the River Sabi and alcohol for medicinal purposes, opium, and saccharin are real exceptions without a differential rate. The others, except certain alcoholic beverages, are given in the tariff schedules and have differentials greater than one-half, as set forth below.\(^\text{24}\) Colonial salt, dry fish from Mossamedes and colonial alcohol for industrial uses south of the River Sabi receive the same

\(^{17}\) For the favors to sugar of Mozambique on entry to Portugal, see p. 490. By order of Feb. 9, 1904 (Novissimo Manual, art. 1, sec. 1, 4).

\(^{18}\) Ibid., p. 122.

\(^{19}\) The other relations with British South Africa, especially in regard to transit trade, have been treated under the heading "Treaty Limitations," on p. 487.

\(^{20}\) Decrees of Apr. 28 and Mar. 20, 1911.

\(^{21}\) For other reductions, see p. 490.

\(^{22}\) Mar. 25, 1911; July 20, 1912.

\(^{23}\) Except that foreign mineral and medicinal waters receive no rebate for nationalization.

\(^{24}\) All statements as to rates, etc., are taken from the official edition of this tariff published in 1917, without a checking up of the changes, if any, made during the year. The preliminary provisions remain unchanged.
treatment as Portuguese products. Products of the other colonies receive the one-half reduction—in so far as the other colonies grant to the products of Mozambique the same reduction in their tariffs. The products of the territories of the chartered companies pay as foreign goods, except that their products enjoy the one-half reduction in cases where the companies grant that reduction to the products of Mozambique. Goods which have paid the duties in one of the customhouses under the direct administration of the State pay in another the differences in the rates, if the latter are higher, except on products of local agriculture or industry. The ad valorem duties are reckoned on the foreign price plus costs of transportation; if the latter are not given, 25 per cent is added. Foreign goods reexported from Portugal pay 80 per cent of the duties, except that no reduction is made for tobacco, alcohol and alcoholic beverages, arms, munitions of war, opium, and saccharin. (Art. 26.) Articles which have received drawbacks are considered foreign. (Art. 28.) In Lourenço Marques and Inhambane ad valorem duties on foreign goods, when the charge is less than 2,250 reis, are payable at current rate of exchange; greater charges are payable in gold at the (normal) rate of 4,500 reis to the pound sterling. Specific duties are paid at the current rates of exchange.

The tariff of 1916 has much more extensive schedules than the earlier tariffs. Its import schedule has 203 items, including 38 which are marked free in both columns. Twenty-seven items have differential rates other than the general one of 50 per cent in favor of Portuguese products. On some of these the preference is the old nine-tenths of the duty (i.e., actual payment of one-tenth); thus, olive oil, soap, common wines of 12° to 14°, and champagne wines. On ordinary wine up to 12° the preference is even greater, though not so great as it had been previously. Other Portuguese products pay various fractions up to one-fourth or one-third of the foreign rate, among these being wines, biscuit, sugar from other parts of Mozambique, and in the first column (Lourenço Marques, Mozambique, and Inhambane), boots and shoes, and in the second column (Quelimane and Tete), candles. Portuguese wines above 16°, and whisky, brandy, cognac, etc., pay two-thirds or more of the foreign rate. A number of articles have a preference of nine-tenths in the first column and of only one-half in the second column, among these being salted meats, alimentary conserves, pulse, fresh and dry vegetables, dry fruits, dry fish, powder, lard, and vinegar; and some have a preference of four-fifths in the first column and one-half in the second; thus, conserved fish, cheese, salt. On cottons the rates are:

<table>
<thead>
<tr>
<th>Cotton duties</th>
<th>I.</th>
<th>II.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cottons raw and unbleached of national origin</td>
<td>3 per cent</td>
<td>3 per cent</td>
</tr>
<tr>
<td>Cottons raw and unbleached of foreign origin</td>
<td>200 reis per kilo</td>
<td>10 per cent</td>
</tr>
<tr>
<td>Dyed cottons of national origin</td>
<td>3 per cent</td>
<td>3 per cent</td>
</tr>
<tr>
<td>Dyed cottons of foreign origin</td>
<td>400 reis per kilo</td>
<td>10 per cent</td>
</tr>
</tbody>
</table>

Sugar from the territory of the companies is given the specific rate of 20 reis per kilogram, while foreign sugar pays 80 reis. Transfer of coined money from the mother country to overseas possessions, or between the agencies of the Banco Nacional Ultramarino, is free.

For other examples of the rates, see table on page 519. The predominance of the rate of 10 per cent in the last column of the table is not as great as might be inferred from the entries in this abridged table; in the complete schedule it appears as the rate on less than two-thirds of the items.
It is difficult to say which of the two columns imposes the higher rates. A large number of important items have the same rate in both; the free lists largely correspond; but in addition to the 60 items where the rate in column I is specific and that in column II ad valorem—making comparison very difficult—there are about the same number on which the higher of two ad valorem rates appears now in one column and now in the other. However, in column II no ad valorem rate exceeds 10 per cent, whereas in column I nearly a score of items have rates of 20, 25, or 30 per cent.

Export duties.—The schedule of export duties has been extended in the tariff of 1916 to 35 items, but this is rather an amplification than a revision. Among the added items 10 are free and 2 prohibited. The more important items have the same rates as before the war. The differential in the export duty was made 50 per cent throughout, but was limited to goods transported in national vessels, this differential not to be enjoyed by vessels which charge freight rates higher than those charged by foreign vessels.\(^7\) Goods carried to foreign ports in national vessels are to pay 90 per cent of the scheduled rates. A duty is imposed on reexportation, the rate being 2 per cent, except on sugar, which was to pay during the period of the European War 7 reis per kilogram. The transshipment dues are increased from the previous 150 reis to 250 reis per metric ton. The following table and certain changes of 1920 mentioned in the footnote show the upward tendency of the export duties of Mozambique.

\(^7\) Art. 25, p. 25, of 1917 edition of tariff.
### Table 4.—Export duties of Mozambique.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1877</td>
<td>1892</td>
<td>1916</td>
</tr>
<tr>
<td>Rubber:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extracted by boiling</td>
<td>4</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Extracted by modern process of boiling or crushing</td>
<td>4</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Extracted by incision, impure</td>
<td>4</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Ivory (rate charged in 1911)</td>
<td>6</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Hides of nondomestic animals (1911)</td>
<td>2</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Rhinoceros horns, hippopotamus teeth, etc. (1911)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cloves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peppers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tortoise shell</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearls</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cowries</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Wax</td>
<td>4</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Gum copal, or gums other than copal</td>
<td>2</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Ebony</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Woods other than ebony</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native tobacco</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oleaginous seeds (from 1901)</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Sesame</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dried fish</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Articles not otherwise specified (1880)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Law of 1911, to encourage whaling.

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>To Portugal</td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td></td>
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<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>To other destinations</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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</tbody>
</table>

The differential, except where otherwise specified, is 50 per cent, whereas in the law of 1892 it was only 25 per cent in the case of rates exceeding 4 per cent. By a local decree of June 26, 1920, the rates on sesame and other oleaginous seeds were increased and made specific, but with differentials which on a percentage basis are much smaller than before. The rates on ebony, other woods, and manufactured tobacco were increased to 10, 5, and 6 per cent, respectively, but the differential on exports to Portugal was reduced in each case to 1 per cent ad valorem. 

1 A duty of 7 per cent was imposed on fish oil, on Apr. 18, 1911, and this apparently included whale oil. This was superseded at least partly by the whaling law, but the latter was suspended in June, 1911, and may not have been revived.

2 The Portuguese text says "ambar," but the translation ambergris rather than amber seems necessary in this connection.

The territories of the Mozambique Company have the 2 per cent export duty on mangrove bark, and have a free list which includes alcohol, gold, gold and silver coin, fruit, and agricultural produce.

The decree of June 26, 1920, which increased the rates upon oleaginous seeds restricted the benefit of the differential duty to exporters who would give bond that the product would not be re-exported from Portugal, i.e., the decree introduced the principle of the monopolization of raw materials.

**Prohibitions on importation.**—In addition to those dictated by sanitary considerations, there are imposed in Lourenço Marques and Inhambane prohibitions of importation of alcohol and gun barrels; and in all districts of the province, of importation of machinery for distilling liquors, of foreign silver coins, of Portuguese copper coins from other than Portuguese ports, and of articles falsely marked to simulate Portuguese origin. Bees may be imported into Lourenço
Marques only by special license, and honey and honeycomb only from South Africa. The prohibition of the exportation of angora goats, ostriches, and ostrich eggs is maintained, also that on copper money destined for Portugal and that on Portuguese silver coins to any destination, including the territories of the Mozambique and Nyassa Companies.

Further differential charges—(a) Tonnage dues.—The tonnage dues in force in Mozambique by decree of January 23, 1905, were 50 reis per ton on steamships not engaged in coasting trade, but only 20 reis per ton on those making regular trips between the mother country and the colony.

(b) Commercial and industrial contributions south of the River Sabi.—By the order of July 1, 1908, special taxes were collected in Lourenço Marques and Inhambane. Of these the following are the chief examples:

<table>
<thead>
<tr>
<th>Article</th>
<th>National.</th>
<th>Foreign.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent.</td>
<td>Per cent.</td>
</tr>
<tr>
<td>Brandy, cider, beer</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Alcohol</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Wines</td>
<td>Various</td>
<td>15</td>
</tr>
<tr>
<td>Sugar, olive oil, coffee, tea, kerosene, soap, salt, candles.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Articles not specified</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

For purpose of these taxes, foreign goods nationalized in Portugal, or those receiving drawbacks on exportation, are considered as foreign. Those of other parts of the province, or of other provinces or of Timor pay as Portuguese goods.

(c) Industrial tax in Mozambique, Quelimane, and Tete.—From December 13, 1905, in these districts an additional duty under this name has been collected at the rate of 1½ per cent ad valorem on foreign goods and 1 per cent on Portuguese goods or foreign goods nationalized in Portugal, with some exceptions.

(d) Fishing tax in Lourenço Marques.—On fish sold loose in Lourenço Marques when caught by foreign vessels and outside of territorial waters the tax rate is 90 reis per kilogram; for catches by national vessels it is only 2 reis per kilogram.

(e) Municipal taxes.—Further differentials appear in the local taxes of Lourenço Marques and Beira. From January 6, 1909, Lourenço Marques has levied a municipal tax of 25 per cent of the customs duty on all goods imported, except wines, tobacco, and foods. This obviously affords to Portuguese products the same advantage proportionately that they have in the customs duty. Tobacco, meat, and wine have specific duties. Those on Portuguese wines are restricted to ordinary red and white wines, and the rates are limited to one-half of those specified in the customs schedule. The present rates are as high as this limitation permits.

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28 Decree of June 6, 1909.
29 Order of Apr. 10, 1894.
31 Ibid., pp. 151-152.
32 Ibid., p. 156.
33 Ibid., p. 173, citing decree of May 10, 1907. Two of the multitudinous documents required in the customs and navigation administration have differential fees. Ibid., pp. 174, 178.
34 The limitations were imposed in 1909, when exceptions were allowed for Lourenço Marques and Louanda from the law of 1902, which prohibited municipal imposts on Portuguese wines.
For Beira a decree of September 26, 1905, abolished the charge, imposed in 1894, of £5 on each ship arriving from a foreign port, and imposed a tax of 50 reis per ton on all goods transshipped in the port, with some exceptions, and a tax of 47 reis per ton on all goods landed at or embarked from the port, again with some exceptions, the exceptions including mining products, agricultural produce of Manica and Sofala, and merchandise for or from the Pungwe and Buzi Rivers.

(B) DISTRICT OF MANICA AND SOFALA (MOZAMBIQUE COMPANY).

For the territory of the Mozambique Company there have been found no tariff rates antedating 1900, though probably the matter was not overlooked in the decrees of February 11 and June 30, 1891, December 22, 1893, and May 17, 1897, referred to in later decrees. A decree of November 8, 1900, set the rate on coffee for these territories at 20 per cent, and a decree of November 13, 1902, established an import schedule of 60 items. The rates are closely similar to those for Lourenço Marques in 1895, though on many foodstuffs they are lower and on some other items higher. The rate on articles not specified is 10 per cent. A separate schedule of 19 items gives the rates on Portuguese products. Several of these items are marked free, chiefly such as are found on free lists previously mentioned, and on other articles the rate on the Portuguese produce is generally from one-tenth (e.g., cottons) to three-tenths (articles not specified) of the rate on similar foreign goods. On distilled liquors the preference is not so much, but on one item only, alcohol of over 50°, is it less than one-half. The export duties were put at 2, 5, 8, and 10 per cent, etc., very similar to those of Mozambique in 1892, and there was a transit duty of 3 per cent. The export duty on sugar was 1 real per kilogram.

The preliminary provisions of this decree stated that products of the transmarine provinces should pay one-half of the rates charged on foreign products so that the other colonies were not treated as favorably as was the mother country. Foreign goods reexported from Portugal and the colonies paid as usual 80 per cent of the foreign rate. Special import rates were provided for the mining district of Manica—5 per cent on foreign and 2½ per cent on Portuguese goods, but in no case more than the foreign rate. By the decree of July 23, 1913, this special treatment of the mining district of Manica is maintained, except for alcoholic beverages, tobacco, and cottons, the last of which, however, pay only one-half of the rates paid elsewhere in the company's territories. This decree grants free entry to products of the soil of Rhodesia provided no export duty has been levied on them and provided that similar products of Manica and Sofala enter Rhodesia free. The decree included also a new export schedule, according to which the rate on ivory and on various kinds of hides is now 20 per cent, and that on tobacco, 4 per cent; i.e., it brought the rates into line with changes made for the rest of Mozambique. Alcohol, gold, and silver coin; gold in bars, powder, or nug-

33 B. I. d. D., 6th Sup. to No. 19.
34 Novissimo Manual, 1910, p. 9, attributes this provision to the decree of May 17, 1897, and adds "and vice versa." Sugar was an exception; sugar imported from the territory of the company was to pay 20 reis per kilogram in Mozambique. Ibid., referring to decree of Sept. 2, 1901.
35 B. I. d. D., 11th Sup. to No. 19.
The only tariff which has been discovered for the Nyassa Company’s territories is that proclaimed as in force “provisionally” from January 1, 1907. It grants to products of Portugal or of Portuguese origin a general differential of 3 per cent as compared with 10 per cent for all articles not listed. There is also a short schedule of about a dozen articles which provides for a differential of 50 per cent when no other rate is mentioned in the schedule. But since this schedule lists only about a dozen articles and specifies other differentials for several of them, the 50 per cent rate applies in fact only to cottons, tobacco, clocks and watches, salt, beer, cartridges, opium, kaffir hoes, and rice. On distilled liquors the Portuguese products pay about three-fourths of the foreign rate, on powder and arms only one-tenth, while the differentials on wine are the very high ones then in force in Mozambique.\(^{38}\) Cottons are the most valuable import, and to that extent the 50 per cent differential is of greatest importance; but it is evident that the differential most generally applied is that on articles not specified, 3 per cent as against 10 per cent. Salt from Portuguese India pays only 25 reis per decaliter as compared with the same rate per liter on salt from other sources. Foreign goods reexported from Portugal or the colonies pay only 80 per cent of the usual rate, except on alcoholic beverages. The free list includes agricultural and industrial tools and machines, scientific instruments, railroad carriages, roofing felt, steamers, vehicles, etc., and half a dozen of the 28 items are free only if national products.

There is a reexport duty of 2 per cent, which is not levied on goods bound for Portugal or the colonies. The export duties are of the same general character as those of Mozambique, and are shown in the table on page 514. The differentials in the export duties are 50 per cent of those duties which are not over 4 per cent, and 75 per cent of such as exceed 4 per cent. This is the greatest general export differential found in the Portuguese system.

Summary: Tariffs of the Three Divisions of the Province of Mozambique.

The tariff of 1877 applied to the whole territory of Portuguese East Africa; later, separate tariffs were legislated for different parts of the territory. In 1892 the main and central region had one schedule and the two extremities of the 1,430 miles of coast had separate and lower schedules. Now the districts of Mozambique, Lourenço Marques, and Quelimane have one schedule of import duties, and Inhambane and Tete another, while the territories of the Mozambique and Nyassa Companies have still other schedules. The River Sabi forms a boundary for legislation and administration in regard to alcoholic

\(^{38}\) See p. 496.
bottling. Export duties have always been uniform throughout the Province except for slight differences in the territories not under the direct administration of the State.

**RATES OF DUTY.**

The rates of the tariff of 1877 were low; only 24 articles were dutiable and few if any of the rates exceeded 10 per cent, while many were lower. The chief articles of export paid from 1 per cent to 6 per cent. In 1880 there was a general increase of one-fifth in import rates, and 3 per cent was imposed on articles not specified and not included in the free list. The tariff of 1892 increased the rate on articles not specified to 5 per cent, and in general raised the rates considerably, leaving, however, low rates at Cape Delgado and Lourenço Marques. Export rates were increased, making the rates range from 2 per cent to 10 per cent. Increases were made in 1895 for Lourenço Marques, and between that time and 1916 there were changes in various items, especially some increases in the export rates. The tariff of 1916 increased the number of items on the free list; made comparatively few changes in the specific duties; placed import duties of 3 per cent on many necessities and on raw materials, with duties of 10 per cent on many unessential articles; and, for Mozambique, Lourenço Marques, and Inhambane, rates ranging from 20 per cent to 30 per cent on a number of luxuries, including hats, clocks, and carpets. The export schedule was amplified, with minor increases of rates. The rates in Manica and Sofala in 1902 were very similar to those of 1895 for Lourenço Marques, but the rate on articles not specified was made 10 per cent instead of 3 per cent, except for the mining district of Manica, where it was only 5 per cent.

**DIFFERENTIALS.**

In 1877 the tariff of Mozambique gave to Portuguese products a differential of 50 per cent of the low import and transit duties. By the law of 1892 Portuguese products were required to pay only one-tenth of the rates imposed on foreign goods, and foreign goods reexported from Portugal to Mozambique to pay 80 per cent, or eight-tenths of those rates; while a differential in the rates of export duty was granted for goods shipped to Portugal, the preferences being one-half when the rate of duty was 4 per cent or less, and one-fourth when the rate exceeded 4 per cent. In 1916 the advantage to Portuguese imports was reduced; the provision was continued that they pay one-half of the foreign rates, but there were introduced a considerable number of important exceptions. In most of these exceptions the preference is much more than one-half, especially in Mozambique, Lourenço Marques, and Inhambane. The 50 per cent differential for colonial products is made conditional on reciprocal treatment.

In the tariff of 1892 there were differential rates in both the transit duties and the duties on reexportation. Other differential charges still exist in Mozambique in the tonnage dues, and in the so-called commercial and industrial contributions, the fishing tax, and the municipal taxes. The total of these taxes is sufficient to make an addition by no means negligible to the differential import duties.
**Table 5.—Specimen rates of Portuguese colonial tariffs of various years.**

[Rates in reis. 1,000 reis per kilo=80.49 per pound.]

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1881</td>
<td>1892</td>
<td>1882</td>
<td></td>
<td>1892</td>
<td>1892</td>
<td>1896</td>
<td>1917</td>
</tr>
<tr>
<td>Cottons per kilo</td>
<td>150-400</td>
<td>250-500</td>
<td>6 p. ct.</td>
<td>90-140</td>
<td>10 p. ct.</td>
<td>5 p. ct.</td>
<td>10 p. ct.</td>
<td>200-330</td>
</tr>
<tr>
<td>Sugar, refined, per kilo</td>
<td>40</td>
<td>40</td>
<td>30</td>
<td>5 p. ct.</td>
<td>10 p. ct.</td>
<td>5 p. ct.</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Olive oil, per decaliter</td>
<td>500</td>
<td>1,000</td>
<td>1,000</td>
<td>200</td>
<td>5 p. ct.</td>
<td>5 p. ct.</td>
<td>1,000</td>
<td>500</td>
</tr>
<tr>
<td>Tea, per kilo</td>
<td>500</td>
<td>500</td>
<td>150</td>
<td>5 p. ct.</td>
<td>20</td>
<td>5 p. ct.</td>
<td>500</td>
<td>200</td>
</tr>
<tr>
<td>Trade guns, each</td>
<td>600</td>
<td>1,000-3,000</td>
<td>10 p. ct.</td>
<td>1,500</td>
<td>5 p. ct.</td>
<td>1,500 to 2,500</td>
<td>10 p. ct.</td>
<td>100-200</td>
</tr>
<tr>
<td>Wheat flour, per kilo</td>
<td>20</td>
<td>30</td>
<td>30</td>
<td>5 p. ct.</td>
<td>20</td>
<td>5 p. ct.</td>
<td>200</td>
<td>200-400</td>
</tr>
<tr>
<td>Iron bars, chains, nails, etc. do</td>
<td>150</td>
<td>150</td>
<td>80</td>
<td>5 p. ct.</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Salt, per decaliter</td>
<td>60</td>
<td>250</td>
<td>10 p. ct.</td>
<td>5 p. ct.</td>
<td>20</td>
<td>5 p. ct.</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Gunpowder, per kilo</td>
<td>150</td>
<td>250</td>
<td>10 p. ct.</td>
<td>100</td>
<td>5 p. ct.</td>
<td>300</td>
<td>300</td>
<td>1,000</td>
</tr>
<tr>
<td>Silk, do</td>
<td>2,500</td>
<td>2,500</td>
<td>n. o. s., 6 p. ct.</td>
<td>5 p. ct.</td>
<td>5 p. ct.</td>
<td>2,500</td>
<td>10 p. ct.</td>
<td>2,500</td>
</tr>
<tr>
<td>Glass, do</td>
<td>25 p. ct.</td>
<td>100-150</td>
<td>100</td>
<td>50</td>
<td>5 p. ct.</td>
<td>100-150</td>
<td>3 p. ct.</td>
<td>40</td>
</tr>
<tr>
<td>Tobacco, do</td>
<td>200-1,500</td>
<td>As in Mozambique</td>
<td>200-500</td>
<td>5 p. ct.</td>
<td>200-500</td>
<td>5 p. ct.</td>
<td>40</td>
<td>10 p. ct.</td>
</tr>
</tbody>
</table>
The Cape Verde Islands are a group of nine islands lying 400 miles off the western extremity of French West Africa. Their area is about 1,500 square miles and they have a population of 150,000. They export coffee, medicinal products, and millet to the value of several hundred thousand dollars annually, and pay for the millions of dollars' worth of imports by "invisible" exports.

**Tariff.**

The tariff decree of December 14, 1882, established schedules of duties for the Cape Verde Islands whose import rates were very similar to those established for Loanda, Benguela, and Mossamedes in the preceding year. The free list was almost the same. The rates on textiles were higher and the ad valorem rates were somewhat lower. The rate on articles not specified was 20 per cent. The export rates contained differentials, as may be seen from the table on page 521. A tax of 15 reis per liter, to be collected at the port of shipment, was placed on brandy sent from one island to another of the group. In the preliminary articles, differentials in import duties were provided as follows: Portuguese products, foreign products nationalized in Portugal, and colonial products paid only 30 per cent of the rates on foreign products, and goods reexported from Portugal paid 70 per cent of those rates. Foreign products nationalized in Guinea and Ambriz were not given the benefit of this provision, presumably because the rates there were so low. There was no differential on coal. The 2 per cent reexport duty applied uniformly. The ad valorem duties were to be calculated on the invoice value plus 20 per cent.

The decree of April 16, 1892, gave to Portuguese products in the Cape Verde Islands a preferential advantage relatively smaller than that given in most of the other colonies, because revenue was needed and a greater favoring of Portugal was not needed—the conquest of the market by the national products "already stood rooted in the commercial habits of the archipelago." Portuguese products were to pay 20 per cent of the foreign rates instead of the usual 10 per cent. Foreign goods reexported from Portugal were to pay, as in the other colonies, 80 per cent of the import rates. Products of the other colonies or goods nationalized in the colonies were to pay in the Cape Verde Islands the difference in the rates of import duty applicable in the two respectively, in case the rates in the latter were higher. Transshipment and the coasting trade were made subject to rules similar to those applied in Angola; this was a repeal of the provisions of the law of August 18, 1881, by which foreign vessels were allowed to carry on trade between the islands of the group. An exceptional provision was that brandy when sent from one island to another was to pay an export duty of 20 reis per liter.

The import schedule of 1892 contains 43 items and the rates are largely the same as those for Loanda, Benguela, and Mossamedes, concluding with 20 per cent on all goods not specified. The free list with its differentials is the same, except for the omission of coal and

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28 Pautas Vigentes, 1892, p. 6.
small vessels. The export duty on castor oil was doubled and that on coral was increased 50 per cent; that on coffee was reduced one-fifth. The differential of 2 per cent as against 1 per cent on articles not specified was left unchanged; on the articles just mentioned it was increased so the exports to Portugal paid one-half of the foreign rates instead of from three-fourths to five-sixths as formerly.

The tonnage duties on steamships showed a differential of 50 per cent in that the rate was 9 reis per ton for vessels maintaining a regular service with the mother country as against 18 reis for others.40

This tariff of 1892 seems to be still in force, with a few changes, chiefly reductions. The rate on maize was reduced in 1901; that on motor cars in 1911; that on beer in 1912. This last mentioned reduction was from 200 and 100 reis per kilogram, respectively, on foreign and Portuguese beer to 100 reis and 10 reis, respectively. Salt was "provisionally" exempted from export duty in 1902. Free importation of material for the whaling industry and the extraction of whale oil was granted in 1914, but differential export duties were imposed on the products of the industry, the rates being the same as those cited in the section on Mozambique on page 514.

SAO THOMÉ AND PRINCIPÉ.

The two islands, Sao Thomé and Principé, constitute one province, though since 1892 the tariff provisions which apply to them have not been identical. They lie in the Gulf of Guinea about 125 miles off the coast of Kamerun and Gaboon. Although their combined area is less than one-thousandth part of that of Angola or Mozambique, they have a trade about equal to that of each of those provinces.41 The comparatively large trade of the islands is due almost entirely to the plantations of Sao Thomé, which until the recent spectacular rise of the cocoa production of the Gold Coast led the world in the production of cocoa. The imports are the usual tropical imports—preserved foodstuffs, including liquor and tobacco, and manufactured goods of all kinds, with cotton textiles leading.

TARIFF.

The tariff decree of December 14, 1882, for this province contained the same preliminary provisions as that issued for the Cape Verde Islands on the same day, except that (1) in addition to brandy shipped

40 Law of Nov. 24, 1892.
41 Excluding the reexport and transit trade of Mozambique.
between the islands coffee shipped from Sao Thomé to Princípe paid the export duty, and that (2) there were no duties on the transshipment of coal. The rates of import duty were in general similar to those of the Cape Verde Islands, but there were many differences. The export duties on goods destined to Portuguese ports are exhibited below, but the rates shown for exports to foreign ports are those of the decree of August 13, 1891, which seem to have increased considerably the differentials previously in force.

Coffee produced in Princípe was exempt from export duty for 10 years.

The tariff law of 1892, much of which is still in force, provided that Portuguese products entering Sao Thomé pay only 10 per cent of the foreign rates, and that with the exception of tobacco, reexports from Portugal pay only 80 per cent of those rates. By an exception unique in the Portuguese colonial system, all Portuguese products and those nationalized in Portugal, save only alcohol and distilled liquors, enter Princípe entirely free. In Sao Thomé, Portuguese wine and beer and tobacco pay less than 5 per cent of the foreign rate and distilled liquors pay up to 20 per cent. Products sent from one of the two islands to the other were to be charged as foreign. The import schedule of 28 items is very similar to that of Loanda, Benguela, and Mossamedes of the same year, but the rate on articles not specified is 25 per cent instead of 20 per cent. The same differentials appear in the free list. The export duties introduced a new differential in favor of Portuguese ships. Further, the duties applicable to exportation to foreign ports in foreign vessels may be reduced 50 per cent when the freight charges for transportation in national vessels to Portugal exceed 8,000 reis per metric ton ($7.40 per short ton) for coffee and 6,000 reis for cocoa. Reexports except

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The colonial minister in introducing the tariffs of 1892 referred to this decree as one intended to cure the disastrous effects of the previous regime of slight differentials upon the Portuguese marine and upon the commerce of the mother country. Coffee and cocoa suffered most, because of the French surtaxes on indirect importation, and the result was beginning to be seen in the increase of French and the decrease of Portuguese shipping. The direct communications with France were beginning to affect the sale of Portuguese wines, a perceptible foreign competition having grown up. The minister concluded by saying that the national industry was not given the greatest possible protection compatible with local conditions. (Pautas Vigentes, pp. 8, 9.)

It is not clear whether the provision of the law of Aug. 13, 1891, allowing free navigation to foreign vessels between the ports of Sao Thomé and Princípe has been repealed. In the case of the Cape Verde Islands the repeal was explicit, and as the laws for both regions had been elaborated and passed at the same time, the repeal, not mentioning Sao Thomé and Princípe, is probably not to be construed as applying to them.

Export duties of Sao Thomé and Princípe:

<table>
<thead>
<tr>
<th>Article</th>
<th>Tariff of 1882</th>
<th>Tariff of 1892</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Foreign rate in-</td>
<td>Rate to Portugal</td>
</tr>
<tr>
<td></td>
<td>Foreign ships.</td>
<td>Portuguese ships.</td>
</tr>
<tr>
<td></td>
<td>Reis.</td>
<td>Reis.</td>
</tr>
<tr>
<td>Coffee ..................</td>
<td>45</td>
<td>16</td>
</tr>
<tr>
<td>Cocoa ...................</td>
<td>40</td>
<td>14</td>
</tr>
</tbody>
</table>

This did not go into effect until June 22, 1892, i.e., until the expiration of the treaty of 1842 with Great Britain. On June 22, 1891, Portugal had given 1 year's notice of the termination of this treaty. (Hertslet, Commercial Treaties, Vol. VI, p. 598, and Vol. XIX, p. 783.)
from one to the other of the two islands of the Province pay 2 per cent. All exports from Principé to Portugal were free from export duty, and so remained until the decree of November 21, 1916, extended to Principé the duties in force in Sao Thomé.

Few changes appear to have been made in this tariff of 1892. There need be noted only the increase of the export duties on agricultural products by 50 per cent in 1894, which was suspended with regard to cocoa in March, 1918, for the remainder of the war period; and the imposition of a war surtax of 3 per cent ad valorem on all exports. The import duties on some cereals were reduced in 1897; and in 1913 lime and copper sulphate were exempted from such duties.

**Municipal Taxes.**

There are also differential municipal taxes collected in the custom-houses of Sao Thomé and Principé. For these taxes, foreign products nationalized in Portugal retain their classification as foreign.

In Principé these municipal taxes fall on about 60 items, comprising the main classes of imports. Some of the rates are specific and some ad valorem. The specific rates impose on foreign goods charges for the most part two or three times as high as those levied on national goods, and may, perhaps, on a rough average, be said to increase the import by the equivalent of one-third of the customs duty. The ad valorem rates are chiefly 10 per cent and 15 per cent on foreign products, but are higher on a few items to a maximum of 30 per cent. On Portuguese goods the corresponding taxes are chiefly 5 per cent and 10 per cent, though Portuguese textiles pay only 3 per cent as compared with 10 per cent. However, in about one-fourth of the items no rate for foreign products appears, and therefore (unless the omission is due to there being no importation from foreign sources) the differential in these cases is against Portuguese goods, i. e., this municipal duty on the Portuguese product decreases the advantage enjoyed by that product in the customs charges. This decrease is in most cases small—e. g., a reduction of the differential from 90 per cent to 60-75 per cent—but in the case of salt the total of the two imposts leaves a net differential against the Portuguese product of 23 reis per decaliter.

The municipal imposts of Sao Thomé are quite different. The schedule is only one-half as extensive, all but two of the rates are specific, the rates are generally lower, and the differentials, though more varied, appear for only one-third of the items, while on the others the imposts fall only on the Portuguese product.

**Portuguese Guinea.**

Portuguese Guinea forms a small triangle with an area of 14,000 square miles bounded on the landward sides by French Senegal. Its population is about 300,000. It exports rubber, wax, oil seeds, ivory, and hides to the value of some $2,000,000 annually; its principal imports are cotton textiles, tobacco, preserved foodstuffs, and miscellaneous hardware.

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185760°—22—34
The decree of May 24, 1877, provided for duties on liquors, weapons, beads, and cloth, a total of 11 items, and declared all other imports free. Portuguese and colonial goods imported in Portuguese ships paid only one-half of the specified rates. Free transit to the Cape Verde Islands was allowed. The export duties were specific and without differentials. The law of October 21, 1880, which provided for a differential tonnage duty of 25 as against 50 reis per ton on steamers according as they do or do not maintain regular services between Portugal and the colony, is apparently still in force.

The tariff regime decreed on April 16, 1892, was most simple—all imports were free except that a uniform duty of 270 reis per decaliter (11 cents a gallon) was imposed on all alcoholic beverages, regardless of kind and without differential. The absence of any differential in the export duties was continued, and the rate was made 10 per cent on all articles. The colonial minister said in introducing this tariff that the free system was adopted because Guinea was so small a territory, hemmed in by French West Africa, traversed by numerous waterways, and inhabited largely by untamed natives.

Few changes have been made since 1892, aside from those affecting the colonies more generally and dealt with elsewhere, but these few changes are important relatively to the simplicity of the system.

A decree of April 21, 1897, introduced a differential by raising the rate on alcoholic beverages to 450 reis per decaliter, while Portuguese products were to pay only 60 per cent of this; i.e., the old rate. At the same time a duty of 20 reis per kilogram on gunpowder, without differential, replaced the older storage requirement.

A decree of October 26, 1897, reduced to 7 per cent the export duty on an oleaginous seed called mancarra, and that of July 12, 1902, reduced all export duties to 7 per cent. This decree of 1902 suppressed certain taxes and substituted for them a duty of 3 per cent ad valorem on all imports except liquors, tobacco, arms, and gunpowder.

Finally a decree of January 29, 1920, imposed a surtax on alcoholic beverages, increased the specific rates on tobaccos, doubled the general ad valorem rate, and established a differential of 50 per cent in favor of national (or nationalized) products and a differential of 20 per cent in favor of foreign products, other than alcohol and tobacco, reexported from Portuguese ports in national vessels.

MINOR COLONIES IN ASIA AND THE PACIFIC: PORTUGUESE INDIA, TIMOR, MACAO.

Portugal possesses in Asia or Asiatic waters three small colonies—Portuguese India, Timor, and Macao. Portuguese India in turn consists of three distinct parts—Goa and Damao on the west coast of

---

50 Palm oil, 15 reis per decaliter (0.6 cent per gallon); wax, ivory, and gums, 15, 20, and 5 reis per kilogram, respectively; leather and furskins, 40 and 100 reis each; groundnuts and other oleaginous seeds, 25 reis per hectariter, and increased to 40 reis by decree Nov. 3, 1899.
51 The importation of liquors into part of the territory was prohibited, in accordance with the principle laid down at the Brussels Conference of 1898. Formalities were required for the importation of gunpowder, including storage in Government warehouses at 6 reis per kilogram per month.
52 Pautas Vigentes, pp. 5, 6.
53 For later changes, see section on "Treatment of alcoholic beverages."
54 The exceptions already had other rates or were now given them—arms and ammunition, 10 per cent; gunpowder, 40 reis per kilogram; and tobacco, from 30 to 70 reis per kilogram.
55 B. f. d. B., 8th Sup. to No. 13, 2d ed. The differentials are limited to the duties established by this decree.
India, the former south and the latter north of Bombay, and the island of Diu, about 140 miles west of Damao. The three together have a total area of less than 1,700 square miles. Macao is in southern China near Canton and is merely a landing place with an area of 4 square miles and a population of 75,000. These small possessions on the Indian and China coasts owe what little importance they have to their transit trade with the great territories beyond them. Portuguese Timor, the eastern portion of the island of Timor is much the largest in area of these Asiatic possessions, yet ranks small among colonies, its area being a little over 7,300 square miles. It exports coffee, sandalwood, copper, and wax, to a total of less than $500,000 worth annually.

(A) Portuguese India.

TARIF.

After the expiration of the treaty of December 26, 1878, by which uniform rates of duty were applied in British India and Portuguese India, the governor general of the latter decreed on January 14, 1892, a large number of changes. The decree was in force only a short time, but it may be mentioned that it enumerated a long list of manufactured goods which were to pay 14 per cent, and that it contained no differential duties except a special rate for Portuguese wine. Such a preference, and greater in amount, had already been in force under the treaty, but only for a limited quantity.

The tariff of April 16, 1892, as amended December 21, 1892, and February 17, 1894, appears to be still in force with a few modifications. It contained a schedule of some 200 specifications, expressed in terms of Indian weights and measures, but the rates were entered or calculated, in general, on the basis of 14 per cent ad valorem, which was a large increase over the rates in force under the treaty with Great Britain. It contained a few ad valorem rates ranging from 3 per cent to 10 per cent. There were in the free list in 1892, 47 items, and in 1894, 60 items, chiefly raw materials and tools, railway equipment, etc.

The preference accorded to Portuguese products is only 50 per cent, except as to wine, on which the differential is five-eighths for ordinary wines and seventeen-twentieths for champagne wines. By exception, there is no preference on salt and on other alcoholic beverages, alcohol in perfumes, etc.

There are export duties on a dozen items, but without differentials. The only changes since 1894, aside from those provided in general regulations which have been mentioned elsewhere, seem to be a prohibition of the importation of cocaine except for medicinal purposes (May 19, 1909) and a prohibition of the exportation of bird skins and feathers, other than ostrich (Nov. 21, 1910), to help the British save the Indian birds.

56 Timor is north of Australia and west of New Guinea.
57 Statement of the colonial minister, Pauntas Vigentes, p. 12. The valuations are those of the invoice plus 10 per cent.
58 There was special legislation for Diu, e.g., a longer free list, which was extended by decree of Oct. 11, 1919. This decree abolished the special rates at Diu on arms and beverages but made 5.5 per cent the general rate for unenumerated articles. B. I. d. D., 7th Sup. to No. 14, 2d. ed.
(B) Timor.

TARIFF.

By decree of January 20, 1887, Timor was given a simple schedule of ad valorem import duties. Six per cent was the general rate, but wine was to pay 5 per cent; cattle, pigs, wheat flour, and rice, 3 per cent; and vegetables, glass, vessels, books, etc., only 1 per cent; while the stronger liquors, and ivory, articles of gold, silks, tobacco, opium, guns, and powder were to pay from 20 per cent to 50 per cent. No differentials appeared except in the free list, which included Portuguese preserved meats and fish, sweetmeats, and common wine.\(^58\) Machines and tools, coal, and fish were the chief items of the free list. The decree of December 1, 1887, introduced the great differentials on tobacco which have been mentioned elsewhere.\(^60\)

The decree of June 8, 1897, increased the rates considerably. According to this decree articles not specified and not on the comprehensive free list now pay 8 per cent, textiles and salt 10 per cent; and the duties which previously ranged from 20 per cent to 50 per cent have been increased to rates ranging from 30 per cent to 90 per cent.\(^60\) Decreases were not considerable in number or amount; a few articles formerly taxed 1 per cent were transferred to the free list.

Aside from the duties on tobacco and liquors, the only differential duties are 6 per cent on foreign alimentary preserves and 8 per cent on foreign sweetmeats and fruits, whereas the Portuguese products pay only 1 per cent; and Portuguese oil enters free, while the foreign pays 8 per cent.

Since 1897 there has been no general revision of these rates. In 1903 Portuguese mineral waters were added to the free list, and in 1908 an additional duty was imposed on the foreign product. Special permits with nominal fees are required of foreigners who wish to visit the interior.

Export duties have had somewhat the same history—there have been very simple schedules, with increases of rates from time to time, but the export duties are entirely without differentials.

\(^58\) It is not clear from the material available whether this list is part of the decree of Jan. 20, 1887, for Timor, or of the general law of June 13, 1889, for the free entry of Portuguese wine into the colonies.

\(^60\) The list is as follows:

<table>
<thead>
<tr>
<th>Per cent.</th>
<th>Per cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portuguese preserves and pickles</td>
<td>1</td>
</tr>
<tr>
<td>Scales, weighing machines, and decimal weights and measures</td>
<td>1</td>
</tr>
<tr>
<td>Portuguese sweetmeats and fruits</td>
<td>1</td>
</tr>
<tr>
<td>Birds</td>
<td>3</td>
</tr>
<tr>
<td>Mineral and effervescent waters</td>
<td>3</td>
</tr>
<tr>
<td>Oxen, swine, and sheep</td>
<td>3</td>
</tr>
<tr>
<td>Apparatus and gear for ships</td>
<td>5</td>
</tr>
<tr>
<td>Sailing vessels or steamers of any tonnage</td>
<td>1</td>
</tr>
<tr>
<td>Furniture</td>
<td>5</td>
</tr>
<tr>
<td>Flour</td>
<td>5</td>
</tr>
<tr>
<td>Fish, dried and salted</td>
<td>6</td>
</tr>
<tr>
<td>Foreign preserves and pickles</td>
<td>6</td>
</tr>
<tr>
<td>Paints and oils for painting</td>
<td>8</td>
</tr>
<tr>
<td>Machinery and other products</td>
<td>8</td>
</tr>
<tr>
<td>Linen, woolen, and cotton textiles</td>
<td>10</td>
</tr>
<tr>
<td>Salt</td>
<td>10</td>
</tr>
</tbody>
</table>

Swords, including those named "makassar" | 20 |
Silver, worked | 20 |
Cotton textiles, mixed with silk | 25 |
Foreign wines | 30 |
Gold, worked in plates, bars | 30 |
Ivory | 30 |
Alcohol | 30 |
Liquors | 30 |
Beer | 33 |
Silk | 50 |
Precious stones | 30 |
Brandy | 50 |
Cognac and whisky | 50 |
Oin | 50 |
Gunpowder | 80 |
Opium | 80 |

The list given of articles free of duty includes practically all other items that would figure in the trade of these colonies.
### Table 6.—Export duties.

<table>
<thead>
<tr>
<th>Article</th>
<th>Jan. 20, 1887</th>
<th>Sept. 27, 1894</th>
<th>June 8, 1897</th>
<th>Nov. 18, 1913</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>500</td>
<td>1,600</td>
<td>2,520</td>
<td>2,520</td>
</tr>
<tr>
<td>Wax</td>
<td>1,200</td>
<td>1,600</td>
<td></td>
<td>10 p. ct.</td>
</tr>
<tr>
<td>Sandalwood</td>
<td>300</td>
<td>540</td>
<td>860</td>
<td>10 p. ct.</td>
</tr>
<tr>
<td>Roots of sandalwood</td>
<td>100</td>
<td>250</td>
<td>320</td>
<td>10 p. ct.</td>
</tr>
<tr>
<td>All other products 1</td>
<td>5 p. ct.</td>
<td>5 p. ct.</td>
<td></td>
<td>10 p. ct.</td>
</tr>
</tbody>
</table>

1 The picul = 62 kilograms = 136 pounds, 100 reis per picul—nearly 8 cents per 100 pounds.
2 Except that minerals continue under the decree of Sept. 20, 1906. (See p. 494.)

(C) Macao.

**Tariff.**

On account of the opening of several Chinese ports to vessels of all nations, Macao was declared, in 1845, a free port. However, a list was composed subjecting 17 items to a duty of 20 per cent on importation, unless brought from Portugal in Portuguese vessels. The list included arms, clothing, salt, wines, and liquors. There were provisions for warehousing and reexportation on payment of 1 per cent.  

Jurisdiction over Macao was disputed between Portugal and China until 1888, in which year China recognized Portugal's full sovereignty.

Neither the Bulletin International des Douanes nor the Pautas das Alfandegas do Ultramar, corrected to July, 1906, shows any duties for Macao.  

By treaty of June 14, 1913, between Portugal and Great Britain, 63 the holder of the opium monopoly in Macao was not to be permitted to import annually more than 260 chests 64 for consumption and 240 65 chests for export.

Commerce between Macao and Timor, and between these and the other Portuguese colonies, can be carried on in foreign vessels under the same conditions as those which govern national vessels. 66 The tonnage duties imposed for Macao on January 19, 1887, are 100 times as high on vessels carrying emigrants as on others.

**Bibliography.**

[See also the general works listed on p. 835 and the texts of treaties listed on p. 834.]

**Official Works and Texts of Tariffs.**


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61 Tito de Carvalho, Los Colonial Portuguesas, p. 38.
62 The British Board of Trade Journal in 1808 referred to certain duties as previously existing and to others as having been imposed in 1806. This journal states that by decree of January 19, 1906, to be in effect from July 1, of that year, the monopolies of fish and salt are abolished: that fish, salt, and pork are to be free of import duties, but that other charges are to be levied—2 per cent on fish, 50 reis per head on live swine, and on salt either a landing duty of 2 reis per kilogram, or, if the salt be intended for the preservation of fish, a statistical duty of one-half real per kilo.
64 A chest = 40 balls of raw opium.
65 But the governor of Macao might license a larger importation for export “provided that proof is given that the said imports are destined to meet the requirements of lawful trade.”
66 Decree of Oct. 21, 1806.
67 Pauta, schedule; geral, general; alfandegas, customs; ilhas, islands; vigentes, in force; ultramarinas, overseas; direitos, duties; salída, export; tratados, treaties; aulaima, customs.

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Chapter X.

COLONIAL TARIFF POLICY OF SPAIN.

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Within one hundred years after the discovery of America, and before the English or the French had made their first permanent settlements in North America, the Spanish conquistadors had established the authority of their sovereign over Cuba and other islands of the West Indies, over all of Central America, over most of South America with the exception of Brazil, which had been taken by the Portuguese, and over large portions of North America. They had also hoisted the flag of Spain at various points in the Pacific Ocean. The occupation of Cuba began in 1511. Panama and Vera Cruz were founded in 1519; Cartagena, in 1532; Lima, in 1535; Santiago de Chile, in 1541; Valparaiso, in 1544; and St. Augustine (Florida) in 1565. The occupation of the Philippine Islands was begun in 1564.

The Spaniards were the first people of modern history to colonize seriously and on a large scale. Instead of founding "factories" on the coast—or preferably on islands just off the coast—as did the Portuguese, they conquered and occupied the hinterland. They established cities, estates, missions, and mining camps. Equally with the Portuguese, they sought prompt material gains, but their methods were different. The Portuguese were commercial monopolists and carriers, middlemen between Europe and the Spice Islands. The Spaniards were political conquerors and rulers; incidentally they monopolized the commerce of their colonies, but chiefly they drained the gold and silver of the New World, taken from the natives or from the mines which they compelled the natives to work, directly to Spain. The cities and mountains of Mexico and Peru yielded them their greatest prizes, while they administered the fertile plains of the River Plate region only at a loss.

Spain acquired her colonial empire, as several other powers have done, largely through the initiative and the ambitious activities of private individuals, but after the initial discoveries and conquests the Government asserted itself and regulated and administered practically everything that was not left to the direction of the church. Because of the differences of method, particularly the introduction of relatively large numbers of military and civil official personnel, priests, and settlers, the impression of the civilization of the mother country upon the natives of the Tropics was much deeper in the case of Spain than in the case of Portugal or of later colonial powers. Having been held in political and economic subjection, even after the relaxing of the commercial system in the eighteenth century, the American colonies of Spain, given the opportunity through Napoleon's conquest of the mother country, declared, and between 1810 and 1824 attained, their independence. The islands of Cuba and Porto Rico, however, remained dependent and until the end of the nineteenth century they and the Philippines, and the Marshall, Caroline, and Ladrone Islands, constituted most of the Spanish colonial empire.
Spain took little part in the exploration of Africa, but she early acquired the Canary Islands, a group lying close to the West African coast. The conquest of these islands began in 1402 and proceeded fitfully for nearly a century. Spain's earliest claims to territory on the mainland of Africa date from the founding of Santa Cruz de Mar Pequena in 1476 and the capture of Melilla in 1490. Melilla became a permanent Spanish possession in 1556, and Ceuta in 1580.

In 1778, through a treaty with Portugal, Spain received the islands of Fernando Po and Annobon, in the Gulf of Guinea, together with a right to trade on the mainland. A half century later Great Britain set up a court in Fernando Po, with jurisdiction in slave-trade cases. After a period of friction between the two countries, Spain in 1843 reasserted her claim to the island and by means of treaties with native chieftains extended her influence on the coast and in neighboring islands.

Since 1885 Spain has extended her claims in the Rio de Oro region and the present boundaries were fixed by agreement with France in 1900 and 1912. The agreement of 1900 also fixed the Franco-Spanish boundary of Rio Muni. The Spanish zone in Morocco was recognized by the Franco-Spanish treaty of 1904, and by the act of Algeciras of 1906, and was defined in detail by the Franco-Spanish treaty of November 27, 1912. Up to the end of the nineteenth century Spain considered her African possessions of little importance. But after the Spanish-American War, resulting in the independence of Cuba, the cession of Porto Rico, and the sale of the Philippine Islands, followed in 1899 by the sale of the Caroline, Pelew, and Marianna Islands to Germany, Spanish leaders turned their attention to the neglected colonies in Africa. The central administration of colonial affairs was re-formed and commissions were appointed to make investigations of the economic possibilities of the colonies, particularly those in the Gulf of Guinea.

**PRESENT EXTENT.**

The Spanish territories outside of the mainland of Spain and the Balearic Islands constitute four groups, as follows:

1. The Canary Islands, a group of seven islands off the west coast of northern Africa.
2. The Spanish possessions in the Gulf of Guinea, on the West African coast, including the district on the mainland known as Rio Muni, and off the coast the Fernando Po and other islands.
3. The Spanish zones of influence in Morocco.
4. The Spanish possessions in North Africa, including the district known as Rio de Oro, or the Spanish Sahara, Ifni, the ports of Melilla and Ceuta, and the islands of Penon de Velez de la Gomera, Alhucemas, and the Chafarinas.

Of these territories, the Canary Islands are a Province of Spain, rather than a colony; the city of Ceuta is, politically, a part of the

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1 The text of the treaty, in English, was published in the American Journal of International Law, vol. 7, Supplement, pp. 81-93; and in French, with maps, in L'Afrique Francaise, 1912, vol. 22, Sup., pp. 444-460.  
2 The results of the investigations were published in Spain. Ministerio de Estado, Memoria Respeto la Situación Política y Económica de las Posesiones Españolas del Africa Occidental en el año 1902 (Madrid, 1904), and in Río Juan, D. Francisco del; África Occidental Española (Sahara y Guinea). (Madrid, 1915.)  
3 In the tariff laws no distinction is made between the mainland and these islands, hence, the latter will not be separately considered here.  
4 For the status of Ifni see p. 564.
Province of Cadiz; and Melilla is included in the Province of Malaga, at least for some administrative purposes.

**Area and Population.**

The area and population of the Spanish possessions and dependencies are shown in the following table:

**Table 1.—Area and population of the Spanish colonies.**

<table>
<thead>
<tr>
<th>Possessions and dependencies</th>
<th>Area (square miles)</th>
<th>Population</th>
<th>Population per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canary Islands</td>
<td>3,342</td>
<td>1,506,414</td>
<td>151</td>
</tr>
<tr>
<td>Melilla and Ceuta</td>
<td>2,18</td>
<td>2,604,000</td>
<td>1,200</td>
</tr>
<tr>
<td>Spanish Guinea, including Fernando Pó</td>
<td>10,253</td>
<td>10,500,000</td>
<td>1,040</td>
</tr>
<tr>
<td>Rio de Oro and Ifni</td>
<td>110,183</td>
<td>4,45,000</td>
<td>4</td>
</tr>
<tr>
<td>Spanish zone in Morocco ²</td>
<td>10,952</td>
<td>6,000,000</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>134,790</strong></td>
<td><strong>1,130,000</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>

1 Estimated population as of 1917 from Statesman’s Year-Book, 1919.  
2 Ceuta embraces about 2 square miles. No statement of the area of Melilla has been found, but it is very small; there is no space for parks, cemeteries, etc.  
3 Not including a garrison of 20,000 to 30,000 at Melilla.  
4 Figures are very doubtful. See sections on the separate colonies, pp. 556, 564, and 566, below.  
5 I.e., the Spanish zone in northern Morocco. The existence of the (unoccupied) Spanish zone in southern Morocco is generally ignored, and references to the Spanish zone in Morocco refer almost invariably only to the northern zone. Strictly, according to the Franco-Spanish treaty of Nov. 27, 1912, there is only one Spanish zone, which consists of two territories.

**Situation and Commercial Importance.**

As may be seen from Table 1, the Spanish colonial empire, even including territories not strictly to be termed colonies, is relatively unimportant in area and in population—it is the smallest and least valuable among those of the colonial powers. Whatever small commercial importance it now has is derived largely from noncontiguous Spanish territories which are here included in the "colonial empire" only because the Spanish tariff does not apply to them. Even including these territories, the trade of the Spanish colonies exceeds that only of the Italian colonies; and the latter seem to have the greater potentiality. Spain's only possession of considerable area, as colonies go, is the "Spanish Sahara," 100,000 square miles of desert, whose chief exportable product is, curiously enough, fish.

The Canary Islands, situated off the coast of Africa, are advantageously located both as to climate and as to shipping routes. These islands lie in such latitude that their vegetables are ready to command the high prices of the early spring market and they are near enough to Europe to benefit by prompt and inexpensive transportation. All vessels from Europe to western and southern Africa and eastern South America must pass near their ports; their shipping facilities are excellent and their coaling business is important. The sea gives them an equable temperature, and various other advantages combine to make their tourist trade important. The population of 150 to the square mile is composed largely of hard-working Spanish peasants; the original inhabitants have long since disappeared or have been absorbed. These advantages, together with the rich soil, have given the islands a relatively large foreign trade—in 1913
apparently over $50 per head. This high figure is due to the condition frequently found in tropical or semitropical colonies, that the population devotes itself to producing a few exportable products and imports almost everything which it consumes. The Canary Islands import sugar, tobacco, cereals, and meats which they could easily produce, as well as a great variety of manufactured articles.

The cities of Melilla and Ceuta are also treated as parts of Spain rather than as colonial possessions. They lie near the opposite ends of the Mediterranean coast of Morocco and owe their importance largely to their situation as ports for the hinterland. In recent years, however, their trade has been due largely to governmental expenditures for military and other purposes. Their areas include no agricultural land and they are almost without industrial enterprise. Fishing is an important industry at Ceuta but commerce is the only support of Melilla. If there is an important future for either, it is closely connected with the development of Morocco. The Spanish zone, however, with which these cities are in immediate contact, is only a small part of Morocco and as yet has been only partially occupied by the Spaniards. The greater part of Morocco is in the French zone and the French have been, even during the War, energetically building railroads and developing the country both from the east and from the west so that if at some future date the trade of the eastern part of French Morocco goes through Melilla it will do so only after having been diverted from established channels. The Spanish zone has some agricultural possibilities but it is largely mountainous and dry; at the best most of it can be used only for grazing. Small areas can be irrigated. It produces chiefly animal products, cereals, fruits, and nuts. The mineral resources are said to be considerable, but only three or four mines in the neighborhood of Melilla are now in operation. Narrow-gauge rail lines extend inland from Melilla and Ceuta for short distances.

Of the Spanish colonies proper, Rio de Oro or the Spanish Sahara has already been mentioned. Rio Muni is negligible in its present state of development, though it has possibilities. Fernando Po alone has any commercial significance. Cocoa is its chief product, although coffee and other tropical products are grown and some wood is exported.

Table 2 gives the value of the imports and exports of the Spanish possessions and dependencies in 1913 or in other recent years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canary Islands (1913).</td>
<td>98,879</td>
<td>19,475</td>
<td>118,354</td>
</tr>
<tr>
<td>Melilla (1913).</td>
<td>56,721</td>
<td>5,907</td>
<td>62,628</td>
</tr>
<tr>
<td>Ceuta (1913).</td>
<td>25,803</td>
<td>1,481</td>
<td>27,284</td>
</tr>
<tr>
<td>Chafarinas, Allucemas, Penon de la Gomera (1914).</td>
<td>(?)</td>
<td>(?)</td>
<td>32</td>
</tr>
<tr>
<td>Spanish Guinea (1913).</td>
<td>5,080</td>
<td>6,831</td>
<td>11,911</td>
</tr>
<tr>
<td>Rio de Oro (1914).</td>
<td>119</td>
<td>123</td>
<td>242</td>
</tr>
<tr>
<td>Spanish Morocco (1916).</td>
<td>20,845</td>
<td>2,800</td>
<td>23,645</td>
</tr>
<tr>
<td>Total</td>
<td>207,447</td>
<td>36,917</td>
<td>244,364</td>
</tr>
</tbody>
</table>

1 The peseta = $0.193 at normal exchange.
The striking fact disclosed by the figures is the excess of imports over exports. This feature is usually present during the development of young colonies. It is due to the investment of capital and to the payment of the costs of government and military operations by the mother country rather than by revenues raised locally. Such expenditures account in the main for the excess of imports in Melilla, Ceuta, and the Spanish zone of Morocco. In the Canary Islands, however, the explanation lies in the "invisible exports" involved in the tourist trade, in the coaling of passing ships, and perhaps in the methods of fixing valuations for statistical purposes. This excess of imports is not seen in Rio de Oro which is not being developed, nor in Fernando Po whose development has advanced to a stage where it yields large returns.

II. Government of the Colonies and Making of Tariffs.

The Spanish colonial possessions have a diversity of relations to the Kingdom, and their governments differ accordingly. The Canary Islands are a Province of Spain, with representation in the Senate and Chamber of Deputies and with the usual provincial officers. Melilla and Ceuta likewise are parts of the Spanish Provinces of Malaga and Cadiz, respectively. The Spanish zone in Morocco is a sphere of influence, with diplomatic rather than constitutional relations with the Spanish government. Of the colonies proper, Rio de Oro is administered by a subgovernor under the governor of the Canary Islands, but it is not clear to what extent it is to be considered part of the Province; its tariff legislation, at least, differs from that of the Canary Islands. The Spanish territories of the Gulf of Guinea are governed under a royal decree of July 11, 1904. According to this decree there is a governor at Santa Isabel on Fernando Po, there are subgovernors for the districts of Bata and Elobey, and there is a "delegate" for Annobon. The governor has extensive powers, enumerated under 14 heads, but he remains under the continuous control of the minister of foreign affairs. He can not act without having consulted his council—Junta de Autoridades—composed of the chief officials and officers of the colonial administration together with the highest naval and the highest military officer present. The governor's power is especially limited with regard to finance; he can do little more than draw up a preliminary plan for the budget.

The central authority for the colonies is the colonial section of the department of foreign affairs, which acts on the responsibility of the minister of foreign affairs. The council of ministers, of course, may be consulted at any time on colonial questions; and since September 16, 1908, a special colonial council has been provided to give advice on such questions as may be submitted to it by the minister of foreign affairs. This council consists of 5 officials ex officio and 10 other members nominated by the minister. Nine of the first set of nominees were members of the legislative chambers. As it has no continuous functions assigned to it this council is normally inactive. The tariffs of the Spanish possessions are laid down chiefly by the executive. The Spanish Cortes votes the general tariff laws for imports into and

5 Gaceta de Madrid, July 12, 1904;
exports from the Kingdom, but even these laws are frequently modified by royal decrees. The free importation of products of the Canaries, Melilla, and Ceuta, in so far as it is allowed, is by legislative authority. Likewise the articles dutiable in the Canary Islands and the rates thereon have been determined and altered by law, but more frequently changes of rates have been made by decree, and it was by a decree that the differential rate on sugar was introduced in September, 1914. The import and export tariffs of the colonies proper are regularly imposed by royal decree. The tariffs of the Spanish zone of influence in Morocco had already been determined by treaty before the special position of Spain in that territory was recognized.

FINANCE.

The unsatisfactory condition of both colonial and national finances in recent years has prevented the undertaking of ambitious schemes of colonial development. The colonies are not self-supporting. The budgets of 1915 and 1917, for example, show subventions from the Spanish treasury for Spanish West Africa of 1,900,000 pesetas each year. The income budgeted for West Africa for 1917 was 1,140,000 pesetas—less than two-fifths of the estimated expenditure. For the same years the expenditures in Morocco exceeded 100,000,000 pesetas.1

III. COLONIAL TARIFF POLICY AND SYSTEM.

EARLIER SPANISH COLONIAL TARIFF POLICY.

Through the earlier centuries of the modern colonial period Spain pursued a closely monopolistic policy, as did the other European powers. It was a criminal offense for foreign vessels to approach Spanish colonial ports, and if they came, commerce with them was punishable by death. Spanish trade with the Americas was permitted only through the port of Seville, or later through Cadiz; it was confined to fleets sent annually under convoy; the fleets went to Porto Bello and Vera Cruz; and the trade with the west coast of South America was permitted only through Porto Bello and Panama. Supplies for Buenos Aires were forwarded overland from Lima. In the eighteenth century this system was gradually relaxed, largely because of the great success of smugglers in evading the restrictions. By the treaty of 1713 with Great Britain, the English South Sea Company was to carry 4,800 slaves annually to the Spanish colonies and might send annually to Porto Bello one vessel of 500 tons. In 1740, permission was granted for "register ships" to sail in the intervals between the annual departures of the fleets. In 1748, trade with Peru and Chile via Cape Horn was permitted. In 1774, freedom of trade between several of the American colonies was granted, though the restrictions on their production of merchandise which would complete with Spanish products were largely maintained. Between 1765 and 1788 commerce with most of the colonies was thrown open to all Spaniards and all Spanish ports. The duties collected in the colonies were at the same time reduced to very moderate rates,

especially in the smaller ports which had suffered under the previous régime. These smaller ports were now favored by having smaller import duties than those levied in the larger ports, namely, 1½ per cent on Spanish products and 3 per cent on foreign goods. In the larger ports these rates were 4 per cent and 7 per cent, respectively.² In the nineteenth century the Spanish policy was little affected by the great free trade movement. Differential tariffs prevailed in the colonies, giving preferences both to Spanish products and to goods transported in Spanish vessels. The importation of various important Asiatic products into the Philippine Islands was entirely prohibited. The general character of the tariffs of the first half of the nineteenth century may be illustrated by the following figures:

<table>
<thead>
<tr>
<th>Imports.</th>
<th>Spanish goods imported directly</th>
<th>Foreign goods imported</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In Spanish vessels</td>
<td>In foreign vessels</td>
</tr>
<tr>
<td>Cuban tariff of 1831:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most articles</td>
<td>10% 13%</td>
<td>14% 18%</td>
</tr>
<tr>
<td>A few articles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippine tariff of 1837:¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olive oil, shoes, most wines, some clothing</td>
<td>3% 3%</td>
<td>8% 8%</td>
</tr>
<tr>
<td>Almost all other articles</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exports.</th>
<th>To Spanish ports</th>
<th>To foreign ports</th>
<th>To Spanish ports</th>
<th>To foreign ports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cuban tariff of 1831:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leaf tobacco</td>
<td>2% 2%</td>
<td>6% 4%</td>
<td>12% 6%</td>
<td></td>
</tr>
<tr>
<td>Most other products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippine tariff of 1837:¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td>Free 1%</td>
<td>2% 1%</td>
<td>2% 3%</td>
<td></td>
</tr>
<tr>
<td>Hemp</td>
<td>12% 14%</td>
<td>2% 3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other agricultural products except tobacco</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ This applied also to the "Dependencies" of the Philippines—the Caroline, Pelew, and Marianna Islands.

The Cuban tariff of 1879 had the same four columns as the Philippine tariff of 1837, but the rates were specific and showed considerable differences in the preferences. In general, however, the rates of the four columns were approximately in the proportion of 1, 2, 3, and 4; and they were thus four times as high on foreign goods carried in foreign vessels as on Spanish goods in Spanish vessels.

The Philippine tariff of 1891 and the Cuban tariff of 1892 were much simpler and of quite a different character. There were only two columns instead of three or four.³ One column contained the rates of the general tariff and the other the slightly lower rates of

³ For the commercial restrictions of the old Spanish system, see Roscher, Wilhelm: The Spanish Colonial System (translated by F. G. Bourne); and, Moses, Bernard: Establishment of Spanish Rule in America. ² From Sept. 1, 1891, to Aug. 27, 1894, Cuba and Porto Rico had a third column for the special rates established in the reciprocity treaty with the United States. See U. S. Tariff Commission's Report on Reciprocity and Commercial Treaties, pp. 152 et seq.
the conventional tariff. The intermediate preferences to Spanish goods carried in foreign vessels and to foreign goods carried in Spanish vessels were dropped, and the only preference was on Spanish goods transported directly in Spanish vessels. These latter entered free so far as the general tariff was concerned, but in Cuba, at least, there was a "temporary" additional duty of 10 or even 15 per cent ad valorem levied on all goods without distinction.

The ports of the Canary Islands were made free in 1854 and Spanish goods received no tariff favors there until 1914; but direct trade with these islands was considered coastwise trade and was confined to Spanish vessels. The tariff of Fernando Po, decreed in 1893 and applied later to the neighboring mainland, was essentially of the three-column type. Spanish goods in Spanish ships were admitted either free, or in the case of alcoholic beverages and arms, one-fifth of the maximum rate. Only a dozen articles were dutiable and the rates ranged from 8 per cent to 100 per cent ad valorem under the maximum schedule. Foreign goods in Spanish vessels or Spanish goods in foreign vessels received reductions of from one-fifth to one-third, except on arms and munitions. There were similar differentials in the export duties, but the maximum rate was 8 per cent.

Colonial products imported into Spain in the nineteenth century received a corresponding treatment. High rates and large preferences were the rule, with further differentials for importation in Spanish vessels rather than in foreign vessels or overland. Thus the Spanish tariff of 1849 levied on each arroba of raw sugar, 2, 8, and 16 reales de vellon on the products, respectively, of Asiatic possessions, of American possessions, and of foreign countries; and on refined sugar, 12 and 30 reales, for the colonial and the foreign product, respectively; and for all kinds, 8 reales additional if imported under a foreign flag. The protection to the shipping interests was thus 1.6 cents a pound, to the Spanish refiners, four-fifths of a cent a pound against Cuban refiners; and to the colonial producers, 1.6 cents a pound. Later the character of the protection to national shipping was changed and the law of 1882 established in principle the free admission of colonial products of the major colonies, limiting it only by the formalities and requirements of the coasting trade, the chief of which was transportation in national vessels. This freedom, however, did not apply immediately to the chief colonial products; rum, sugar, cocoa, and coffee continued to pay specific duties at rates which decreased by one-tenth annually until—from July 1, 1892—they disappeared. Colonial products if imported in foreign vessels became subject to the duties of the second column of the tariff, i.e., the minimum rates.  

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10 A law of 1882 provided for the unification of the rates of the different columns by changing the others to those of the third column. The change was to be made by degrees through 10 years. Gazeta de Madrid, July 23, 1882, p. 271.

11 Law of July 17, 1849, specifying certain bases for the reform of the tariff (Gazeta de Madrid, July 17, 1849) and royal decree of Oct. 5, 1849, giving the schedules. (Aranceles de Aduanas para la Peninsula € Islas Baleares, 2d ed., Madrid, 1849.)

12 Eight reales per arroba (25 pounds) equaled 18.75 francs per quintal, i.e., the real de vellon was worth about 5 cents.

13 Except on raw sugar of foreign origin, on which the rate was only one-half of this.

14 Except on raw sugar of foreign origin, on which the rate was only one-half of this.

15 Ot. Brit., Parl. Papers, 1882, C. 3399. New Spanish Tariff. Tobacco continued to be subject to the special legislation in force, Ib., p. 27. The rates on Philippine products were one-fifth of those on Cuban and Porto Rican products. This free entry was not allowed to become absolute; when the duties expired in 1892, "municipal" and "temporary" duties continued to give the domestic product protection as compared with the colonial product, e.g., on sugar 13.50 pesetas per 100 kilos. Sen. Doc. No. 277, 59th Cong., 1st sess., p. 1299.

As applied to the nearer and less important colonies, the principle of free admission of colonial products had already been recognized in theory, though except for the Canary Islands it was little practiced. Most of the products of the Canary Islands, according to a list which has remained substantially unchanged, have been admitted free since 1854. By article 154 of the customs ordinance of 1870 the importation of products of the Canaries, Fernando Po and its dependencies, Ceuta, Melilla, Alhucemas, and the Chafarinas was defined as coasting trade. Accordingly it must take place in Spanish vessels and without touching at foreign ports, and the products were admitted duty free. However, there were recognized as colonial products only those articles which were specified in the tariff law. This general provision remains in the customs regulations and applies equally to Penon de la Gomera, but the tariff law of 1882 laid down the rule that "the merchandise, fruits, and products, whatever their origin, coming from" Ceuta, Melilla, the Chafarinas, Alhucemas, and Penon de la Gomera shall be dutiable as foreign products, except only the catch of the tunny fisheries from the first three. In 1892 the agricultural produce of the region of Melilla was added to the exception. Fernando Po and its dependencies received more consideration. The tariff of 1882 granted their products free entry except for the municipal and temporary duties, though it was not until 1892 that cocoa was definitely recognized as one of the products of Fernando Po. In its lengthy preamble the royal order of March 20, 1892, states that it has now been established by the testimony of merchants, officials, and travelers that cocoa is being produced on Fernando Po and that it is unjust that this product shall pay duty on entry to Spain when other colonial products do not pay. Further, to aid the shipping connections between Fernando Po and Spain, all West African produce imported via Fernando Po was admitted into Spain, at least from 1863 to 1899, at a reduction of two-fifths from the rate of duty on other foreign products.

From these evidences it may be seen that during the period in which her colonial empire was extensive, Spain pursued a highly restrictive policy—for the benefit not only of the colonial trade but also of Spanish shipping, though toward 1890 the policy of penalizing the importation of colonial products in foreign ships was temporarily abandoned. Differentials were the rule both in the import and export duties and in the treatment of colonial products in Spanish ports, and this system continued through the European free-trade period practically unaffected except for the establishment of the ports of the Canary Islands as free ports.

**TREATY LIMITATIONS.**

Spain has been a party to most of the general European treaties, but the only important limitations on her colonial tariff policy which they contain are found in the act of Algeciras and the other treaties relating to Morocco. These general European treaties have been discussed

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17 Ordenanzas Generales de la Renta de Aduanas Aprobadas por Decreto de 15 de Julio de 1870, Edición Oficial. This provision may antedate 1870.
19 In Spanish, "campo".
elsewhere and an account of the Moroccan treaties may be found in
the section on colonial tariff policy of France. Here it need only
be stated that they guarantee the open door in Morocco and limit
the duties of the seaports to a maximum of 12½ per cent.
Outside of Morocco the Spanish colonial tariffs are little affected
by treaty limitations. No Spanish territory lies within the Con-
terventional Basin of the Congo. The Brussels act of 1890 and its
amendments restrict the sale of liquors and arms only in Rio Muni
and Fernando Po, as the other Spanish possessions lie outside of the
zone. Spain was also a party to the treaty of 1908 according to which
several of the Central African powers prohibited, between February,
1909, and February, 1913, the sale of arms in certain regions which
included Rio Muni. Few of Spain's treaties with single countries,
either commercial treaties or those defining the boundaries of colonies,
contain provisions applicable to the present colonial tariffs. The
treaties which guarantee most-favored-nation treatment, or in some
cases national treatment, make exception of the colonies proper as
in the treaty of May 15, 1911, with Japan or by excluding the
coasting trade they make clear that no equality of treatment as
between foreign and Spanish trade is pledged for the colonies.

PRESENT POLICY.

PREFERENTIAL TARIFFS WITHOUT UNIFORMITY.

The policy of Spain is to enforce differential tariffs in her colonies
and to give preferences to colonial products in the home market.
The general principle has indeed been expressed in legislation that
colonial products shall enter Spain free, but this principle has been
applied only gradually in a succession of enactments which determine
what articles shall be recognized as colonial products. In 1918 a list
of products of Spanish Guinea which enter Spain free—a list which
had already been extended to the other African possessions—was
extended also to the Spanish zone in Morocco; so that at the present
time the uniformity of the rules applicable to imports from the
possessions is broken only by the separate legislation for the Canary
Islands and in reference to the coffee and cocoa of Fernando Po.

No uniformity has as yet been introduced into the colonial tariffs.
The general policy contemplates the free admission of Spanish goods,
but this policy is modified in adaptation to the fiscal needs of the
possessions. Spanish goods enter the "free ports"—the Canary
Islands, Melilla, and Ceuta—on payment of the usual fiscal customs
and port dues except that Spanish sugar receives a special exemption
in the Canaries. Treaty limitations prevent the application of
differential rates in Morocco, though it may be noted that goods
(whether foreign or Spanish) entering Morocco by way of Melilla pay
a rate of only 5 per cent instead of 12½ per cent. Likewise the policy
is to grant differentials in the export duties levied in the colonies,
but this also can not be applied in Morocco, and the free ports levy

11 See section on tariff system of the Congo Free State and the Belgian Congo, p. 85.
12 See p. 204 ff.
13 See p. 59, 122.
14 See p. 129.
15 T. e., the treatment accorded to own nationals.
16 Brit. and For. State Papers, vol. 107, p. 983. This was not ratified until July 10, 1915.
17 See pp. 210, 212.
no export duties. The only points in which there is entire uniformity
are that the direct trade between Spain and its possessions is reserved
to Spanish vessels as coasting trade and that all the tariff preferences
are granted only to merchandise transported directly and in Spanish
vessels.

PRESENT SYSTEM.

PREFERENCES TO SPANISH TRADE IN COLONIAL IMPORT TARIFFS.

The traditional policy of Spain has been to give preference in the
colonial tariff rates to her own products and to Spanish shipping.
Since 1854 and 1863, however, the "free ports" of the Canary
Islands and of Melilla and Ceuta have been exceptions to the rule of
preferential treatment, and in recent years, through the loss and sale
of her Caribbean and Pacific colonies and the acquisition of Spanish
Morocco, where the open door must be maintained, the exceptions
have become more important than the rule. In brief the "open
door" is maintained in Morocco by treaty and in the free ports by
policy, except for the preference accorded in the Canary Islands to
Spanish sugar and to the cocoa and coffee of Fernando Po. In
Fernando Po and Spanish Guinea, Spanish wines, textiles, shoes,
coal, and jewelry, imported directly in Spanish ships, are free, and
most other Spanish products imported under the same conditions
receive preferences of from 50 to 80 per cent of the usual duty. In
Rio de Oro all Spanish products imported directly in Spanish ships
are free, but there the trade is insignificant.

PREFERENCES TO SPANISH TRADE IN COLONIAL EXPORT DUTIES.

Preferential export duties in favor of shipments to Spain in Spanish
vessels have also been a regular part of the Spanish colonial tariff
policy. No export duties are levied, however, in the free ports, and
the international situation does not allow preferences in the export
duties of Morocco. At present, therefore, differential export duties
are found only in Fernando Po and Spanish Guinea. The differential
consists of the entire exemption from duties of products sent to Spain
in Spanish vessels. If these products are shipped to Spain in foreign
vessels28 or if the destination be foreign, duties ranging roughly from
one-half cent a pound on nuts and woods and 1 cent a pound on cocoa
to 3 cents a pound on rubber and 17 cents a pound on ivory are levied
on all the exports of any importance whatever. These preferences
are generally reinforced by the entire remission of duties or by
important preferences in the Spanish market.

PREFERENCES IN SPAIN TO COLONIAL PRODUCTS.

The present Spanish tariff, like its predecessors, gives substantial
preferences to colonial products, but always on the condition that
the shipment be direct and in a Spanish vessel. There is, however,
no general rule as to the amount of the preference. Free entry is
granted to fish, vegetables, and fruit from the Canary Islands, which
constitute about 90 per cent of the exports from the Canaries to
Spain, and to a few other articles, including filter stones and paving.

28 That is, indirectly, for the direct trade is reserved to Spanish vessels as coasting trade.
tiles. For the other possessions, uniformity has been achieved by generalizing the exemptions granted to products of Spanish Guinea. These exemptions were extended to Río de Oro, Melilla, and Ceuta in 1912 and to the Spanish Zone of Morocco in 1918. The articles listed for exemption include all the chief products of the Spanish colonies, with but one important exception. The cocoa and coffee of Fernando Po receive preferences which amount to only 58 per cent and 25 per cent, respectively, of the rates on the foreign products, but as these percentages amount, respectively, to 6 cents and 3 cents a pound, the value of the preferences is really greater than on most of the products which are admitted free. There are, however, on many articles additional charges, spoken of as temporary and municipal duties (similar to the French octroi de mer) which fall equally on foreign and on colonial products.\(^\text{39}\)

Certain colonial products are further protected in the home market by special duties upon their importation from non-European countries through European ports. Petroleum and a dozen "colonial products" are the articles subject to this duty. Of these articles the Spanish colonies are most interested in coconut and palm oils, cocoa, and coffee, and on these commodities the surtaxes for indirect importation are respectively, 1.50, 7.80, and 9 pesetas per hundred kilos.

**INTERCOLONIAL PREFERENCES.**

The older rule was that colonial products entering other colonies shared the preferences accorded to the mother country, and that foreign goods reshipped from one colony to another where the tariff rates were higher, paid in the latter the difference in the duties. Since the Spanish colonies have been reduced practically to one with a preferential and two with open-door régimes, the intercolonial trade stands on a different footing. Products of open-door colonies entering other colonies are treated not unnaturally, as foreign goods. Likewise the open-door colonies would naturally make no discrimination in favor of other colonies, but in the tariff of the Canary Islands there has long been granted a substantial preference to the cocoa and coffee of Fernando Po. Until the alterations of 1914 this was one of the few and rare cases in which a colonial tariff gave a differential in favor of products of another colony but not of the mother country. The Canary Islands import some cocoa from other sources; also, large quantities of coffee, of which product Fernando Po exports only a small amount.

**PREFERENCES TO SPANISH SHIPPING.**

All the tariff preferences of the Spanish colonial system are primarily preferences to shipping and only secondarily preferences to national or colonial products. The direct trade between Spain and the Canary Islands or the colonies is not open to foreign vessels, and Spanish or colonial products, as the case may be, are not entitled to any tariff preference unless the transportation is direct and in Spanish vessels. "Direct" trade does not, however, altogether exclude stops at foreign ports.

\(^\text{39}\) It follows that, if the preference be calculated on the basis of the total of all the duties payable on importation the percentage will amount to less than the figure given in the text. See also notes on p. 562.
IV. Tariffs of the Colonies Individually.

[Those not wishing to follow the detailed discussion of Spanish tariff policy as applied in the separate Spanish colonies should pass over pp. 542-569, inclusive. They were prepared for detailed study rather than for the general reader.]

THE CANARY ISLANDS.

SITUATION AND COMMERCE.

Location, area, and population.—The Canary Islands, the most important commercially of the Spanish colonial possessions, were acquired in the fifteenth century. The archipelago comprises 13 islands in all, lying about 50 miles off the northwestern coast of Africa in latitude 28° north. The principal islands are Teneriffe, Grand Canary, Palma, Hierro, Gomera, Lanzarote, and Fuerteventura.

The total area of the archipelago is 3,342 square miles; its population according to the census of 1910 was 444,016. The estimated population in 1918 was 506,414.

Government and making of tariffs.—The Canary Islands form a Province of the Kingdom of Spain and are under a governor appointed by the King. There is also a subgovernor, who resides in Rio de Oro—which is attached to the Province. The general system of the customs régime is prescribed by decrees or laws of 1852, 1870, and 1900. The articles now dutiable were specified by the law of 1900, but the rates have been changed freely by royal decree, subject to the statutory limitation that the rate upon any article may not exceed the total customs and consumption duties in force in Spain.

The “seven islands”—those named above—constitute the basis of local government, each having a council which controls schools, hospitals, and other local matters, and which fixes the rates of the cabildo upon the articles and within the limits authorized by law.

Production and industry.—The location of the islands in a subtropical latitude gives them a mild, equable, and healthful climate. Their mountainous surface exhibits many varieties of vegetation, and the rich volcanic soil affords the basis for a profitable agricultural industry. The cultivation of grapes and cochineal, for which the Canaries were famous in the nineteenth century, has now declined; at present the principal products are fruits, particularly bananas, oranges, figs, dates, and pineapples; and vegetables, such as tomatoes, potatoes, and onions. Two crops are grown each year. Tobacco, sugar, and grain are also grown, but not in sufficient quantities to supply the needs of the local population. Land suitable for potatoes and tomatoes sells for never less than $1,000 an acre. A protective duty of 6 cents a pound is not sufficient to cause extension of sugar growing.

The manufacturing industries of the islands are of little account, but there are small factories which produce cigars and cigarettes, umbrellas, water proofs, and shoes. Silk and cotton fabrics are also produced and there has been a revival of embroidery and linen drawn-work. Fishing is an industry of local importance. The

31 Island tax, see p. 547.
32 U. S. Consular and Trade Reports, Apr.–June, 1914, p. 67.
catch was valued in 1916 at 3,629,000 pesetas. Shipbuilding is also carried on but has never reached considerable proportions.

The American consul reported in 1916 that the trade of the islands had trebled in a decade. In addition to their exportation of fruits and vegetables the islands have large invisible exports in catering to the extensive tourist trade and as the largest Atlantic coaling point south of Europe. "Practically all vessels from Europe to South America, to South Africa, or to Australia via the Cape stop" at Las Palmas or Santa Cruz de Teneriffe to refill their bunkers. In 1913 the tonnage of the 10,964 ships which called at Grand Canary and Teneriffe was nearly 26,000,000 — i.e., greater than that which entered and cleared at London in the same year.

Trade.—Fruits and vegetables make up 80 to 90 per cent of the exports of the islands. Bananas are sent to Great Britain and to Spain; tomatoes, to Great Britain, Spain, and before the war, to Germany; potatoes, to Great Britain and to Cuba; onions and onion seed, to Cuba and the United States. Other exports and their destinations are as follows: Dried and salt fish to Spain and Cuba; kerosene to the English colonies in Africa; barrels to Spain; thread lace to Cuba; cotton textiles and drawn work to Cuba; hides and skins to Spain, Great Britain, and France.

The foreign trade of the Canary Islands in 1913 and 1914 is shown in Tables 4 to 7, inclusive.

**Table 4.—Exports from the Canary Islands, 1913 and 1914.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1913</th>
<th>1914</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit, fresh (chiefly bananas)</td>
<td>11,142</td>
<td>10,553</td>
</tr>
<tr>
<td>Tomatoes</td>
<td>2,325</td>
<td>2,017</td>
</tr>
<tr>
<td>Potatoes</td>
<td>905</td>
<td>1,054</td>
</tr>
<tr>
<td>Onions</td>
<td>445</td>
<td>429</td>
</tr>
<tr>
<td>Fish, salt, smoked, or pickled</td>
<td>506</td>
<td>540</td>
</tr>
<tr>
<td>Almonds</td>
<td>161</td>
<td>...</td>
</tr>
<tr>
<td>Petroleum, refined</td>
<td>224</td>
<td>463</td>
</tr>
<tr>
<td>Umbrellas and parasols</td>
<td>374</td>
<td>398</td>
</tr>
<tr>
<td>Leather goods</td>
<td>108</td>
<td>384</td>
</tr>
<tr>
<td>Silver coin</td>
<td>203</td>
<td>...</td>
</tr>
<tr>
<td>Gold coin</td>
<td>162</td>
<td>149</td>
</tr>
<tr>
<td>Copper ore</td>
<td>...</td>
<td>81</td>
</tr>
<tr>
<td>Cooper's wares</td>
<td>177</td>
<td>212</td>
</tr>
<tr>
<td>White cotton goods</td>
<td>136</td>
<td>37</td>
</tr>
<tr>
<td>All other articles</td>
<td>2,697</td>
<td>1,649</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19,475</td>
<td>17,966</td>
</tr>
</tbody>
</table>

---

a Figures from the Estadistica General del Comercio Exterior de España.
b Products of the Canary Islands admitted free of duty in Spain.
c These items are transit trade. Bunker coal, which is not included in the official statistics, exceeds the total of all other items. It is of course a reexport.
d Commerce Reports, Sup., May 16, 1916.

—- Daily Consular and Trade Reports, Apr.—June, 1914, p. 67.
### Table 5.—Principal imports into the Canary Islands, 1913.

[In thousands of pesetas.]

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1913</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>5,981</td>
</tr>
<tr>
<td>Wheat</td>
<td>3,903</td>
</tr>
<tr>
<td>Wheat, husked</td>
<td>1,694</td>
</tr>
<tr>
<td>Rice, husked</td>
<td>355</td>
</tr>
<tr>
<td>Swedes, flax, etc., hemp</td>
<td>3,274</td>
</tr>
<tr>
<td>Vegetables (green)</td>
<td>1,453</td>
</tr>
<tr>
<td>Olive oil</td>
<td>1,241</td>
</tr>
<tr>
<td>Sugar</td>
<td>747</td>
</tr>
<tr>
<td>Coffee</td>
<td>617</td>
</tr>
<tr>
<td>Cocoa</td>
<td>75</td>
</tr>
<tr>
<td>Bran</td>
<td>491</td>
</tr>
<tr>
<td>Wines, liquors, etc.</td>
<td>2,344</td>
</tr>
<tr>
<td>Tobacco, manufactured</td>
<td>1,255</td>
</tr>
<tr>
<td>Cotton piece goods</td>
<td>7,365</td>
</tr>
<tr>
<td>Cotton knitted goods</td>
<td>736</td>
</tr>
<tr>
<td>Pure wool, hair, or flock-wool goods</td>
<td>3,425</td>
</tr>
<tr>
<td>Silk goods</td>
<td>1,796</td>
</tr>
<tr>
<td>Raw cotton and cotton waste</td>
<td>400</td>
</tr>
<tr>
<td>Mineral and organic fertilizers</td>
<td>3,901</td>
</tr>
<tr>
<td>Stearine and palmitine, manufactured</td>
<td>1,607</td>
</tr>
<tr>
<td>Common soap</td>
<td>929</td>
</tr>
<tr>
<td>Perfumery and essences</td>
<td>616</td>
</tr>
<tr>
<td>Insecticides</td>
<td>512</td>
</tr>
<tr>
<td>Cotton wood, logs, planks, etc.</td>
<td>3,431</td>
</tr>
<tr>
<td>Coopers’ wares and packing cases</td>
<td>2,091</td>
</tr>
<tr>
<td>Furniture, wooden</td>
<td>1,362</td>
</tr>
<tr>
<td>Coal</td>
<td>1,334</td>
</tr>
<tr>
<td>Linen of all kinds, silk, and puzondas</td>
<td>1,018</td>
</tr>
<tr>
<td>Paper, packing and wrapping</td>
<td>1,081</td>
</tr>
<tr>
<td>Sole leather</td>
<td>835</td>
</tr>
<tr>
<td>Leather, various</td>
<td>335</td>
</tr>
<tr>
<td>Hides and skins, tanned or dressed</td>
<td>366</td>
</tr>
<tr>
<td>Iron and steel tubes</td>
<td>395</td>
</tr>
<tr>
<td>Iron and steel bars, not polished or galvanized</td>
<td>359</td>
</tr>
<tr>
<td>Nails, hooknails, staples, and tacks</td>
<td>366</td>
</tr>
<tr>
<td>Straw hats and caps</td>
<td>711</td>
</tr>
<tr>
<td>Incandescent lamps with mountings</td>
<td>559</td>
</tr>
<tr>
<td>Toys and games, not ivory, gold, etc. specified</td>
<td>13,641</td>
</tr>
<tr>
<td>Sacks, new, imported temporarily 1</td>
<td>920</td>
</tr>
<tr>
<td>Sacks, other</td>
<td>20,338</td>
</tr>
<tr>
<td>All other articles</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>98,879</td>
</tr>
</tbody>
</table>

1 Bunker coal, much of which is unloaded directly into lighters, is not included in the official statistics. It is easily the largest item either of imports or exports. Though the war interfered with the coal business the coal imported in 1914 was valued at over 21,000,000 pesetas. U. S. Commerce Reports, Sup., May 16, 1916.

2 This is the official figure, but it is hard to explain even if all the coal is exported in bags. Bananas are exported in crates and tomatoes and potatoes in cases; and yet the “sacks, new, imported temporarily for the reexportation of the products of the islands,” were valued in 1913 at a sum equaling two-thirds of the recorded total value of exports and in 1914 at a sum which exceeded that total. This officially recorded total does not, however, include bunker coal.

### Table 6.—Exports from Spain to the Canary Islands, 1913.

[In thousands of pesetas.]

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles of food</td>
<td>2,732</td>
</tr>
<tr>
<td>Olive oil</td>
<td>1,120</td>
</tr>
<tr>
<td>Wine</td>
<td>480</td>
</tr>
<tr>
<td>Rice</td>
<td>161</td>
</tr>
<tr>
<td>Chick-peas</td>
<td>92</td>
</tr>
<tr>
<td>Hay and other fodder</td>
<td>143</td>
</tr>
<tr>
<td>Sardines</td>
<td>51</td>
</tr>
<tr>
<td>Cotton, manufactures of</td>
<td>4,077</td>
</tr>
<tr>
<td>Cloth, plain goods</td>
<td>2,088</td>
</tr>
<tr>
<td>Cloth, white goods</td>
<td>745</td>
</tr>
<tr>
<td>Sacken, 1 and 2</td>
<td>607</td>
</tr>
<tr>
<td>Knitted goods</td>
<td>490</td>
</tr>
<tr>
<td>Wool and manufactures thereof</td>
<td>173</td>
</tr>
</tbody>
</table>
### Table 6.—Exports from Spain to the Canary Islands, 1913—Continued.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substances employed in agriculture, and chemical and allied industries.</td>
<td>677</td>
</tr>
<tr>
<td>Pharmaceutical products.</td>
<td>501</td>
</tr>
<tr>
<td>Perfumes and essences.</td>
<td>115</td>
</tr>
<tr>
<td>Stones, earth, minerals, etc.</td>
<td>224</td>
</tr>
<tr>
<td>Ceramic products.</td>
<td>189</td>
</tr>
<tr>
<td>Iron and steel, and manufactures.</td>
<td>155</td>
</tr>
<tr>
<td>Wood and other vegetable materials employed in industry and manufactures</td>
<td>561</td>
</tr>
<tr>
<td>thereof.</td>
<td></td>
</tr>
<tr>
<td>Furniture.</td>
<td>444</td>
</tr>
<tr>
<td>Animals and animal products used in agriculture and industry.</td>
<td>1,544</td>
</tr>
<tr>
<td>Shoe and sole leather.</td>
<td>489</td>
</tr>
<tr>
<td>Tanned call skins.</td>
<td>273</td>
</tr>
<tr>
<td>Footwear, of all kinds.</td>
<td>325</td>
</tr>
<tr>
<td>Mules</td>
<td>162</td>
</tr>
<tr>
<td>Instruments and machinery.</td>
<td>141</td>
</tr>
<tr>
<td>Paper and manufactures thereof.</td>
<td>107</td>
</tr>
<tr>
<td>Miscellaneous exports.</td>
<td></td>
</tr>
<tr>
<td>Sandals, hemp (alpargatas).</td>
<td>2,077</td>
</tr>
<tr>
<td>Coral, ivory, bone, celluloid, and jet.</td>
<td>186</td>
</tr>
<tr>
<td><strong>Total.</strong></td>
<td>13,018</td>
</tr>
</tbody>
</table>

### Table 7.—Trade of the Canary Islands by countries, 1913 and 1914.

[In thousands of pesetas.]

<table>
<thead>
<tr>
<th>Country</th>
<th>Imports 1913</th>
<th>Imports 1914</th>
<th>Exports 1913</th>
<th>Exports 1914</th>
<th>Total trade 1913</th>
<th>Total trade 1914</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain 1</td>
<td>34,999</td>
<td>34,403</td>
<td>9,494</td>
<td>9,306</td>
<td>44,493</td>
<td>43,769</td>
</tr>
<tr>
<td>Spain 2</td>
<td>15,799</td>
<td>17,459</td>
<td>2,282</td>
<td>1,990</td>
<td>17,991</td>
<td>19,449</td>
</tr>
<tr>
<td>Sweden</td>
<td>7,968</td>
<td>11,583</td>
<td>3,209</td>
<td>2,965</td>
<td>11,583</td>
<td>9,758</td>
</tr>
<tr>
<td>Germany</td>
<td>8,539</td>
<td>6,763</td>
<td>3290</td>
<td>2,965</td>
<td>11,583</td>
<td>9,758</td>
</tr>
<tr>
<td>Norway</td>
<td>3,615</td>
<td>4,532</td>
<td>1</td>
<td>6</td>
<td>3,816</td>
<td>4,532</td>
</tr>
<tr>
<td>Argentina</td>
<td>6,337</td>
<td>4,407</td>
<td>178</td>
<td>8</td>
<td>6,533</td>
<td>4,415</td>
</tr>
<tr>
<td>Portugal</td>
<td>2,041</td>
<td>3,282</td>
<td>757</td>
<td>51</td>
<td>2,119</td>
<td>3,333</td>
</tr>
<tr>
<td>Italy</td>
<td>2,105</td>
<td>3,060</td>
<td>304</td>
<td>274</td>
<td>2,459</td>
<td>3,333</td>
</tr>
<tr>
<td>Cuba</td>
<td>2,081</td>
<td>2,066</td>
<td>2,105</td>
<td>1,127</td>
<td>4,186</td>
<td>3,223</td>
</tr>
<tr>
<td>United States</td>
<td>2,089</td>
<td>3,045</td>
<td>13</td>
<td>13</td>
<td>2,090</td>
<td>3,669</td>
</tr>
<tr>
<td>France</td>
<td>2,981</td>
<td>1,331</td>
<td>1,258</td>
<td>1,225</td>
<td>4,239</td>
<td>2,574</td>
</tr>
<tr>
<td>Austria-Hungary</td>
<td>2,928</td>
<td>2,481</td>
<td>50</td>
<td>2,978</td>
<td>2,978</td>
<td>2,481</td>
</tr>
<tr>
<td>Holland</td>
<td>1,970</td>
<td>1,566</td>
<td>2</td>
<td>1,972</td>
<td>1,972</td>
<td>1,573</td>
</tr>
<tr>
<td>Morocco</td>
<td>911</td>
<td>1,188</td>
<td>1,188</td>
<td>1,188</td>
<td>2,099</td>
<td>2,376</td>
</tr>
<tr>
<td>Belgium</td>
<td>3,188</td>
<td>3,873</td>
<td>8</td>
<td>911</td>
<td>3,196</td>
<td>4,787</td>
</tr>
<tr>
<td>All other countries</td>
<td>955</td>
<td>3,873</td>
<td>506</td>
<td>904</td>
<td>1,454</td>
<td>4,787</td>
</tr>
<tr>
<td><strong>Total.</strong></td>
<td>98,879</td>
<td>99,917</td>
<td>19,475</td>
<td>17,906</td>
<td>118,354</td>
<td>117,883</td>
</tr>
</tbody>
</table>

1 Including Gibraltar.
2 Including Ceuta, Fernando Po, Rio de Oro, and Melilla.

The share of Spain in the trade of the Canary Islands in 1913 was as follows: Imports, 15.9 per cent; exports, 11.7 per cent; total trade 15.2 per cent. In 1914 the figures were, respectively, 17.4 per cent 11.1 per cent, and 16.5 per cent. These figures, however, have only a relative degree of accuracy, for two reasons. In the first place, there is "an assumed official valuation for each commodity that never varies during the year and frequently remains stationary two or more years, while actual market values may vary 200 per cent." 35 Second, the figures give the immediate and not the real sources or destinations of the merchandise. For these reasons the volume of trade with the United States is understated in the table.

35 U. S. Commerce Reports, Sup., Mar. 15, 1919. Exports declared for the United States in 1916 were officially valued at less than $60,000, but by the American consular records, based on invoice values, they were worth over $160,000.
Except in lumber and kerosene there was practically no direct trade, but considerable quantities of hardware and other articles entered through Liverpool or Hamburg. A direct trade has developed somewhat since 1913 but even in 1917 a large proportion of the imports from the United States entered via Cadiz and were credited to Spain. The United States sends to the Canary Islands chiefly lumber, kerosene, and tobacco, but during the war coal and foodstuffs were added to the list.

TARIFF POLICY RELATING TO THE CANARY ISLANDS.

Import duties.—Since 1854 the Canary Islands have been "free ports." Though commerce has thus in general entered them free, customs duties for revenue purposes have been levied on a few articles of wide consumption and with no general preference to Spanish products. The articles dutiable according to the law of March 6, 1900, are: Alcoholic beverages and tobacco; teas, coffee (and substitutes) and cocoa; sugar, molasses, and glucose; and spices and salted cod. In the cases of sugar, tobacco, and fish these duties protect local industries. The rule that no preference be given to Spanish products was broken in September, 1914, by a preferential rate on a single item, sugar.

The law of March 6, 1900, did not change the rates previously in force, but by royal decrees of 1900, 1901, and 1907 various rates were reduced, e. g., on alcohol and spirits, raw cocoa, chocolate, and spices. The rates now in force, after further changes during the war are as follows:

Import tariff of the Canary Islands.  

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Rate per hectoliter</th>
<th>Pes.</th>
<th>cts.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol</td>
<td></td>
<td>62</td>
<td>50</td>
</tr>
<tr>
<td>Plain spirits</td>
<td></td>
<td>32</td>
<td>50</td>
</tr>
<tr>
<td>Brandy, simple, up to 22 degrees, Cartier</td>
<td></td>
<td>75</td>
<td>00</td>
</tr>
<tr>
<td>Liquors, cognac and other made-up spirits</td>
<td></td>
<td>130</td>
<td>00</td>
</tr>
<tr>
<td>Rum and gin, up to 22 degrees, Cartier</td>
<td></td>
<td>100</td>
<td>00</td>
</tr>
<tr>
<td>Sugar</td>
<td>per 100 kilos</td>
<td>25</td>
<td>00</td>
</tr>
<tr>
<td>Glucose, liquid caramel, and similar products</td>
<td>85</td>
<td>00</td>
<td></td>
</tr>
<tr>
<td>Salt cod and stock fish</td>
<td></td>
<td>24</td>
<td>00</td>
</tr>
</tbody>
</table>

Cocoa:

In the bean, unroasted, and cocoa shells the produce of and imported direct from Fernando Po. | per 100 kilos | 50 | 00 |
From other places of origin. | do | 65 | 00 |
Roasted or ground, or in paste, cocoa butter. | do | 200 | 00 |

Coffee:

In the bean, unroasted, the produce of, and imported direct from, Fernando Po. | per 100 kilos | 80 | 00 |
From other places of origin. | do | 107 | 00 |
Roasted, ground; chicory, roasted or unroasted, and other imitations of coffee. | per 100 kilos | 250 | 00 |
Chocolate. | per kilo | 1 | 00 |
Juice and molasses, cane and beet root, containing more than 50 per cent of crystallizable sugar. | per 100 kilos | 80 | 00 |

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* When imported from the Peninsula and Balearic Islands, or from nations with treaties actually in force, or enjoying the most-favored-nation treatment, except Portugal, so long as the treaty with the Netherlands remains in force.

† Spanish sugar is free.

35 Decree of Sept. 11. Gaceta de Madrid, Sept. 13, 1900. Several organizations had petitioned for the temporary free entry of Spanish sugar. The reductions to 25 pesetas per 100 kilos put the Canary Islands on the same footing as Spain, where a consumption tax of that amount was levied upon local production, except when the product was exported. For the preference to the raw cocoa and coffee of Fernando Po, see p. 560. The duty on rum and gin since Mar. 20, 1900, had discriminated against countries which had not most-favored-nation treaties with Spain; but the important exporters of rum and gin all have such treaties.

36 Gaceta de Madrid, Aug. 20, 1907.
Juice containing up to 50 per cent, inclusive, of crystallizable sugar. per 100 kilos. 40.00
Pepper, cinnamon, cloves, and other spices, or imitations thereof. do. 100.00
Tea, and imitations thereof, also yerba-maté. do. 150.00

Tobacco in the leaf:
(a) Habana. per kilo. 1.08
(b) Philippine. do. 0.82
(c) Virginia. do. 0.54

Manufactured tobacco:
(a) Habana. do. 2.17
(b) Philippine. do. 1.63
(c) Mixed. do. 1.36
d) Virginia. do. 1.08
e) Snuff. do. 1.08
(f) Verdin. do. 0.82

The "consumos" and the "cabildo."—In addition to the customs duties, which are applied equally throughout the islands, imports are subject to a number of other taxes which are not uniform but are collected separately for each city or island. In the past the most important and also the heaviest tax—heavier than the customs duties—has been the consumos or consumption tax, which corresponds to the French octroi de mer. This charge is for some articles a composite of an internal-revenue tax (whose proceeds go to the Spanish treasury) and a city tax, and for others it is a city tax alone. The cities are divided into five classes according to population, and the maximum taxes authorized increase with the size of the city. Thus cities of 5,000 population or less may levy 8 centimos a pound on meat while those of 40,000 or more may levy as much as 12 centimos, the intermediate classes being limited to 9, 10, and 11 centimos, respectively. Las Palmas, on the island of Grand Canary, which imports two-thirds of all the merchandise imported into the whole group, has abolished the consumos in favor of other taxes. In the city of Santa Cruz de Teneriffe one or both of these taxes fell upon nearly a hundred articles or classes of articles, at rates varying from about $0.13 per ton on sawdust and peat to about $0.25 per kilo on table oils. In Arucas most articles are taxed, but many at insignificant rates, e. g., a single entry of the 44 items on the schedule groups all cotton, linen, wool, or silk, and manufactures thereof, at 2 pesetas per hundred kilos. Some smaller cities levy only on liquors, hog products, table oils, cereals, dried and canned vegetables, jams, and soap.

Another tax to which goods imported from beyond the group are subject is the cabildo or island tax, which is levied separately by each of the seven large Canary Islands. In La Palma and Grand Canary the cabildo is 1 per cent on all imports, except that in each case there is a short free list including olive oil, wheat, rice, candles, and also few other articles of common consumption on which the two lists do not agree. In Teneriffe the duties (except on alcohol) are all levied per metric ton (2,204 pounds), lime and cement paying 2 pesetas, lumber 7.50 pesetas, and practically all other merchandise 5 pesetas.

While some of these four taxes fall upon only a few articles, and others are levied at very small rates, the total on certain articles is

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30 This description of the consumos and cabildo is based on a report by the American consul in 1917.
31 Except that Grand Canary levies a specific duty of $0.04 (equivalent) per liter on alcohol.
large. Thus the total charge in Santa Cruz de Teneriffe on a liter of alcohol is as follows:

<table>
<thead>
<tr>
<th>Dutiable articles</th>
<th>From Spain</th>
<th>From foreign countries</th>
<th>Equivalent of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohols and simple brandies.</td>
<td>780</td>
<td></td>
<td>$0.135</td>
</tr>
<tr>
<td>Cognac and other compound</td>
<td>195</td>
<td>294</td>
<td></td>
</tr>
<tr>
<td>spirits</td>
<td></td>
<td></td>
<td>.12</td>
</tr>
<tr>
<td>Codfish</td>
<td>63</td>
<td>672</td>
<td></td>
</tr>
<tr>
<td>Sugar</td>
<td>12</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Molasses</td>
<td>117</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Spices</td>
<td>15</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>5</td>
<td>1,934</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>233</td>
<td>4,756</td>
<td>.334</td>
</tr>
</tbody>
</table>

Export duties.—The export duties levied in Spain are not imposed in the Canary Islands. The only export duties in the islands in recent years have been a few levied for the purposes of conservation during the war. For instance, when in 1916 Spanish sugar was granted free importation into the Canary Islands, the duty previously imposed upon its importation (25 pesetas per hundred kilos) was transposed to its exportation.

Concealed preferences.—The extent to which the selection of dutiable articles was and is favorable to Spanish trade interests can not be set forth accurately as regards figures, but that the selection was dictated by preferential considerations is suggested by a comparison of the list of dutiable articles and the figures which show the origin of the imports for a normal year, e. g., 1912. The following figures may be considered in this connection:

Table 8.—Imports of dutiable articles and of certain free articles from Spain and from foreign countries, 1912.

<table>
<thead>
<tr>
<th>Dutiable articles</th>
<th>From Spain</th>
<th>From foreign countries</th>
<th>Free articles</th>
<th>From Spain</th>
<th>From foreign countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohols and simple brandies</td>
<td>780</td>
<td></td>
<td>Sparkling wines</td>
<td>69</td>
<td></td>
</tr>
<tr>
<td>Cognac and other compound</td>
<td>195</td>
<td>294</td>
<td>Other wines</td>
<td>1,039</td>
<td>228</td>
</tr>
<tr>
<td>spirits</td>
<td></td>
<td></td>
<td>Beer and cider</td>
<td>47</td>
<td>221</td>
</tr>
<tr>
<td>Codfish</td>
<td>63</td>
<td>672</td>
<td>Fish, other than cod</td>
<td>250</td>
<td>7</td>
</tr>
<tr>
<td>Sugar</td>
<td>12</td>
<td>28</td>
<td>Sardines</td>
<td>97</td>
<td>59</td>
</tr>
<tr>
<td>Molasses</td>
<td>117</td>
<td>800</td>
<td>Total</td>
<td>1,233</td>
<td>594</td>
</tr>
<tr>
<td>Spices</td>
<td>15</td>
<td>30</td>
<td>Olive oil</td>
<td>1,470</td>
<td>6</td>
</tr>
<tr>
<td>Tobacco</td>
<td>5</td>
<td>1,934</td>
<td>Wheat</td>
<td>1</td>
<td>1,339</td>
</tr>
<tr>
<td>Total</td>
<td>233</td>
<td>4,756</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Estadísticas General del Comercio Exterior de España en 1912, Pt. II. Canarias. Comercio de Importación por Puertos y Países, pp. 943 et seq.
2 Not including 46,000 pesetas from the Spanish possessions in Africa.
3 64 pesetas are accredited to Fernando Pó.
4 Exclusive of 32,000 pesetas from Fernando Pó.

The figures show that the articles subjected to duties are imported almost exclusively from foreign countries and that certain other products of a similar nature and almost equally fit objects for taxation but imported more largely from Spain are exempt from duty. The importance of this point may easily be exaggerated, however, for the dutiable articles are, with the exception of codfish, the almost universal mainstays of revenue tariffs, and with the additional exception of alcoholic beverages are not to any considerable extent in com-

41 Statistics are not available to render possible a direct comparison between the amounts of duty paid upon imports from Spain and those on imports from foreign countries.
petition with Spanish products. The concealed preference really consists in the two unusual features, the imposition of a duty on cod while other fish are exempt and the exemptions from duty of wines, beer, and cider. If the sole object of the duty on fish had been to protect the local industry, other varieties than cod should have been included, for all varieties compete with the local catch—which is not cod. Further, the figures show that the valuation of cognac and other compound spirits largely of Spanish origin averaged eight times as much per liter as that of the simple alcohols of foreign origin, but the duty was only two or four times as great. On the other hand, the figures show no systematic classification of the duties with the object of favoring Spanish interests, e. g., Spain supplied none of the sparkling wines which were left free. The conclusion that the preference to Spanish products shown in these duties was somewhat fortuitous is strengthened by two further considerations. There existed no obstacle by treaty or otherwise to granting open preferences if desired, and the cabildo shows no concealed preferences.

The articles exempt from the cabildo are such as are consumed to large extent by persons of small incomes, the so-called necessities of life; hence the purpose in freeing them from taxation was doubtless to keep their price as low as possible. One of the most important is olive oil, which is supplied almost wholly by Spain, but its exemption may be compared with the exemption of wheat, a commodity of like importance but imported almost entirely from foreign countries. The cabildo of Grand Canary Island as established in 1914 exempted fish, dried and imported by Spanish fishers, but this exemption has apparently disappeared.

**Effects of the open preferences.**—The preferential tariff rates on cocoa and coffee imported directly from Fernando Po give premiums of about 1½ cents and 2½ cents a pound, respectively, upon such importation. This has no doubt been a factor in the cocoa trade, but in 1912 less than one-third of the cocoa and practically none of the coffee came directly from Fernando Po. The preference of over 3 cents a pound granted in September, 1914, to Spanish sugar was followed by large importations from Spain, from which there had previously been none. But Germany had been the chief source of the sugar importations and the effect of the duty is obscured by war conditions. The ad valorem rate of the differential was very high when it was imposed, but it was reduced by nearly a cent a pound in February, 1916, and increases of costs of production and prices have further reduced its relative importance.

**PREFERENCES IN SPAIN TO PRODUCTS OF THE CANARY ISLANDS.**

The royal decree of 1852 which converted into free ports all the ports of entry of the Canary Islands enumerated 24 products of those islands which were to be granted exemption from customs duty upon importation into Spain. The list differed from that which has been in force since 1900 chiefly in that it named different

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42 The exemption of coal is dictated by the importance of the reexport business in bunker coal.

43 Royal decree of Feb. 16. Gaceta de Madrid, Feb. 16, 1916. The rates established in September, 1914, had been 25 pesetas per 100 kilos on Spanish and 60 pesetas on foreign sugars. Under this decree of Feb. 1916, Spanish sugar entered free and foreign sugar paid 25 pesetas, i.e., the preference was reduced from 35 to 25 pesetas per 100 kilos. The duty on sugar imported into Spain had been reduced by decree of Jan. 30, 1916, from 60 pesetas to 25 pesetas per 100 kilos; that is, to the same rate as that of the Internal tax. Before the war Spain produced a quantity of sugar about sufficient for her own consumption and she neither exported nor imported sugar on any large scale; in 1916 she imported a considerable quantity.
kinds of vegetables separately instead of vegetables collectively. The earlier list included also cereals, wine, sweetmeats, straw plaits, and silk. The changes made in 1900, therefore, somewhat shortened the list. The item fish appeared before 1900 without the limitation that the fisherman must be of Spanish nationality. Basalt was added to the list in 1903 by a customs ruling. The important items are vegetables, fresh and dried fruit, and fresh, salted, or dried fish; these three classes made up in 1914, 92 per cent of the total exports from the islands to Spain. The full list of the products exempted, together with the duties (rates of 1920—see notes on p. 562) charged on the same articles when imported from foreign countries, is given in the following tabular statement:

Products of the Canary Islands admitted free in Spain, with the minimum duty levied on foreign products.

<table>
<thead>
<tr>
<th>Products of the Canary Islands admitted free.</th>
<th>Rate on foreign products.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetables</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Fresh and dried fruits</td>
<td>1  20</td>
</tr>
<tr>
<td>Cochmeal</td>
<td>3  50</td>
</tr>
<tr>
<td>Barbilla</td>
<td>3  00</td>
</tr>
<tr>
<td>Orchil</td>
<td>0  16</td>
</tr>
<tr>
<td>Natural mineral waters</td>
<td>11 25</td>
</tr>
<tr>
<td>Paving tiles (joseitas)</td>
<td></td>
</tr>
<tr>
<td>Of common clay</td>
<td>2  00</td>
</tr>
<tr>
<td>Of fine clay</td>
<td>5  00</td>
</tr>
<tr>
<td>Of china</td>
<td>30 00</td>
</tr>
<tr>
<td>Basalt, rough and manufactured</td>
<td>20 (8)</td>
</tr>
<tr>
<td>Filter stones</td>
<td></td>
</tr>
<tr>
<td>Fish, fresh, salted, and dried *</td>
<td>24 00</td>
</tr>
<tr>
<td></td>
<td>12 00</td>
</tr>
</tbody>
</table>

1 Rasins, figs, and dates, not for the table.
2 Rasins, figs, and dates for table use, and all other fruits.
3 Various rates according to thickness.
4 Not specified in the tariff.
5 Free from the Canary Islands only; if caught and prepared by Spaniards.
6 Fish, fresh, or with the salt indispensable for its preservation; salt codfish and stockfish.
7 Tunny fish and sardines, fresh or with the salt indispensable for their preservation.

INTERCOLONIAL PREFERENCE.

The Canary Islands gave no tariff preference to any Spanish product until 1914, but they have given since 1900 preferences to the cocoa and coffee of Fernando Po. The rate of the preference on coffee has remained unchanged, namely, 105 pesetas per 100 kilos on the Fernando Po as against 140 pesetas on the foreign product. On cocoa the preference was at first set at the rate then in force in Spain—90 pesetas per 100 kilos as against 120—but in August of 1900 these figures were reduced to 60 and 80 pesetas, respectively, and in 1907 there was a further reduction to 50 and 65 pesetas. On both coffee and cocoa the preference is granted only to the unroasted and unprepared product.

MELILLA AND CEUTA.

LOCATION, POPULATION, AND GOVERNMENT.

The cities of Melilla and Ceuta have been Spanish possessions for centuries, and administratively they are parts of Spain and not colonies. Though they lie on the coast of Morocco, they are politi-
ally not a part of the Spanish zone, and none of the limitations imposed by treaty on that zone apply to them. In the days of the Barbary pirates they were valuable outposts for Spain. Associated with them are three small rocky islands (or groups of islets)—the Chafarinas, Alhucemas, and Penon de Velez de la Gomera—which lie along the same coast. The population of these islands is only several hundred each, they have no customs establishments, and they are referred to in the customs regulations as free ports. In 1914 their combined total trade was 32,000 pesetas. They require no further mention.

Melilla is situated near the eastern extremity of the Spanish zone of Morocco, while Ceuta is opposite Gibraltar, just east of the narrowest part of the Strait of Gibraltar. The populations of the two towns are, respectively, 40,000 and 24,000. A decree of December 13, 1918, gave to Melilla, except for some special features, the status of a Spanish municipality, whose organization is prescribed by law. It had previously been governed by a special Junta de Arbitrios, half civil and half military.

COMMERCE.

Melilla and Ceuta have become increasingly important as entrepôts for European goods destined for the interior of the Moorish Empire. But the military operations in the region of Melilla which began in 1909 checked this trade with the interior, and the trade does not seem to have increased in quantity since 1914. The growth of the civil population of the city from less than 10,000 in 1907 to nearly 37,000 in 1915 and the growth of the imports from 15,800 tons to 106,200 tons in the same period were due largely to the increasing of the garrison from 4,600 to 31,000 men; and imports fell off one-third in 1917 with the reduction of the garrison to 20,000. The export trade has increased rapidly since 1913 owing to the development of lead and iron mines; in 1918 ores accounted for 272,000 tons out of a total exportation of 282,000.

Melilla, while far behind Casablanca, is the second port of Morocco. Ceuta and Tangier have only about one-half of its commerce. In all these places the import trade vastly exceeds the export trade in value.

41 The Chafarinas, or Zaferine, Islands are 27 miles east of Melilla, at the extreme eastern end of the Spanish zone; Alhucemas is 53 miles west and Penon de Velez 80 miles west of Melilla. Alhucemas was occupied in 1673 and the Chafarinas in 1848.

42 Briones Ferrero, Gabriel: España, Datos Geográficos y Estadísticos, Madrid, [1918?], pp. 441-443.

43 L'Afrique Francaise, 1918, p. 443; 1919, Sup., p. 31.

44 See J. Genkens description of the region of Melilla, in L'Afrique Francaise, 1920, Sup. pp. 25-36. He gives a table which is reproduced here in even hundreds:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons.</th>
<th>Tons.</th>
<th>Population.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Civil</td>
</tr>
<tr>
<td>1907</td>
<td>15,800</td>
<td>1,100</td>
<td>9,800</td>
</tr>
<tr>
<td>1909</td>
<td>51,300</td>
<td>800</td>
<td>20,000</td>
</tr>
<tr>
<td>1911</td>
<td>104,500</td>
<td>1,500</td>
<td>25,300</td>
</tr>
<tr>
<td>1913</td>
<td>128,800</td>
<td>8,500</td>
<td>29,700</td>
</tr>
<tr>
<td>1915</td>
<td>106,200</td>
<td>96,000</td>
<td>36,700</td>
</tr>
<tr>
<td>1917</td>
<td>68,600</td>
<td>213,000</td>
<td>37,300</td>
</tr>
<tr>
<td>1918</td>
<td>65,600</td>
<td>282,500</td>
<td>40,100</td>
</tr>
</tbody>
</table>
The foreign trade of the ports, by countries, for the years 1913 and 1914, is shown in Tables 9 to 13, inclusive.¹⁹

Table 9.—Commerce of Melilla, 1913 and 1914.

<table>
<thead>
<tr>
<th>Country</th>
<th>Imports 1913</th>
<th>Imports 1914</th>
<th>Exports 1913</th>
<th>Exports 1914</th>
<th>Total trade 1913</th>
<th>Total trade 1914</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>12,497</td>
<td>23,818</td>
<td>3,030</td>
<td>1,484</td>
<td>15,527</td>
<td>25,302</td>
</tr>
<tr>
<td>France</td>
<td>12,321</td>
<td>6,355</td>
<td>453</td>
<td>223</td>
<td>12,777</td>
<td>6,759</td>
</tr>
<tr>
<td>Gibraltar</td>
<td>8,575</td>
<td>7,166</td>
<td>15</td>
<td>13</td>
<td>8,688</td>
<td>7,182</td>
</tr>
<tr>
<td>Algeria</td>
<td>6,941</td>
<td>2,808</td>
<td>18</td>
<td>12</td>
<td>6,959</td>
<td>3,521</td>
</tr>
<tr>
<td>Belgium</td>
<td>2,068</td>
<td>1,227</td>
<td>13</td>
<td>9</td>
<td>2,088</td>
<td>1,242</td>
</tr>
<tr>
<td>Germany</td>
<td>2,052</td>
<td>1,440</td>
<td>9</td>
<td>9</td>
<td>2,061</td>
<td>1,449</td>
</tr>
<tr>
<td>Morocco</td>
<td>1,015</td>
<td>523</td>
<td>33</td>
<td></td>
<td>1,942</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>345</td>
<td></td>
<td></td>
<td></td>
<td>506</td>
<td></td>
</tr>
<tr>
<td>Tunisia</td>
<td>345</td>
<td></td>
<td></td>
<td></td>
<td>506</td>
<td></td>
</tr>
<tr>
<td>Great Britain</td>
<td>1,298</td>
<td>1,820</td>
<td></td>
<td></td>
<td>2,128</td>
<td></td>
</tr>
<tr>
<td>All others</td>
<td>9,445</td>
<td>2,775</td>
<td>1,189</td>
<td>3,722</td>
<td>10,634</td>
<td>6,494</td>
</tr>
<tr>
<td>Total</td>
<td>56,721</td>
<td>46,797</td>
<td>5,307</td>
<td>5,480</td>
<td>62,028</td>
<td>52,277</td>
</tr>
</tbody>
</table>

¹ There are wide discrepancies between the figures of the imports of Melilla from Spain and the Spanish figures for exports to Melilla. The latter were 4,227 and 4,196 thousands of pesetas for the two years shown above. Discrepancies of like nature are found in the returns of the trade in the opposite direction, the Spanish figure for imports from Melilla in 1913 being only 614 thousands of pesetas. The discrepancy is probably due chiefly to the inclusion of Government supplies in the Melilla figures and their exclusion from the Spanish figures. The same discrepancies are found in regard to the trade with Ceuta; but in regard to the trade with Fernando Po the discrepancies are very slight.

Table 10.—Commerce of Ceuta, 1913 and 1914.

<table>
<thead>
<tr>
<th>Country</th>
<th>Imports 1913</th>
<th>Imports 1914</th>
<th>Exports 1913</th>
<th>Exports 1914</th>
<th>Total trade 1913</th>
<th>Total trade 1914</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>12,321</td>
<td>14,485</td>
<td>898</td>
<td>1,312</td>
<td>13,219</td>
<td>15,797</td>
</tr>
<tr>
<td>Gibraltar</td>
<td>4,771</td>
<td>3,453</td>
<td>4</td>
<td>32</td>
<td>4,775</td>
<td>3,487</td>
</tr>
<tr>
<td>Algeria</td>
<td>2,785</td>
<td>1,190</td>
<td>8</td>
<td></td>
<td>2,785</td>
<td>1,197</td>
</tr>
<tr>
<td>France</td>
<td>1,230</td>
<td>1,014</td>
<td>46</td>
<td>70</td>
<td>1,296</td>
<td>1,084</td>
</tr>
<tr>
<td>Belgium</td>
<td>1,286</td>
<td>483</td>
<td>13</td>
<td>20</td>
<td>1,318</td>
<td>508</td>
</tr>
<tr>
<td>Morocco</td>
<td>979</td>
<td>358</td>
<td>293</td>
<td>372</td>
<td>1,272</td>
<td>739</td>
</tr>
<tr>
<td>Germany</td>
<td>923</td>
<td>563</td>
<td>11</td>
<td>4</td>
<td>934</td>
<td>557</td>
</tr>
<tr>
<td>Italy</td>
<td>210</td>
<td>141</td>
<td>213</td>
<td>209</td>
<td>422</td>
<td>447</td>
</tr>
<tr>
<td>Portugal</td>
<td>250</td>
<td>71</td>
<td></td>
<td>87</td>
<td>337</td>
<td></td>
</tr>
<tr>
<td>Great Britain</td>
<td>191</td>
<td>71</td>
<td>11</td>
<td>47</td>
<td>202</td>
<td>78</td>
</tr>
<tr>
<td>All others</td>
<td>191</td>
<td>71</td>
<td></td>
<td>87</td>
<td>337</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>25,903</td>
<td>22,010</td>
<td>1,481</td>
<td>2,217</td>
<td>27,284</td>
<td>24,297</td>
</tr>
</tbody>
</table>

The share of Spain in the trade of Melilla in 1913 was: Imports, 22 per cent; exports, 57.1 per cent; total trade, 25 per cent. In 1914 the figures were, respectively, 50.9, 27, and 48.4 per cent.

The share of Spain in the trade of Ceuta in 1913 was: Imports, 49.7 per cent; exports, 60.1 per cent; total trade, 50.3 per cent. In 1914 the figures were, respectively, 65.8, 59.2, and 65.2 per cent.

The values of the principal articles in the import and export trade of Melilla in 1913 are shown in Tables 11 and 12:

¹⁹ From Estadísticas General del Comercio Exterior de España, 1914 and 1915.
Table 11.—Imports into Melilla, 1913.

[In thousands of pesetas.]

<table>
<thead>
<tr>
<th>Article</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flour, wheat</td>
<td>6,738</td>
</tr>
<tr>
<td>Barley</td>
<td>1,743</td>
</tr>
<tr>
<td>Rice, husked</td>
<td>356</td>
</tr>
<tr>
<td>Corn</td>
<td>235</td>
</tr>
<tr>
<td>Chick-peas</td>
<td>529</td>
</tr>
<tr>
<td>Dried legumes</td>
<td>608</td>
</tr>
<tr>
<td>Vegetables and fruits</td>
<td>1,425</td>
</tr>
<tr>
<td>Sugar, glucose, etc.</td>
<td>2,939</td>
</tr>
<tr>
<td>Coffee</td>
<td>554</td>
</tr>
<tr>
<td>Tea and yerba mate (Paraguay tea)</td>
<td>922</td>
</tr>
<tr>
<td>Olive oil</td>
<td>1,353</td>
</tr>
<tr>
<td>Condensed milk</td>
<td>517</td>
</tr>
<tr>
<td>Preserved foodstuffs</td>
<td>2,007</td>
</tr>
<tr>
<td>Sweets, confitures, etc.</td>
<td>394</td>
</tr>
<tr>
<td>Salt pork, bacon, and lard</td>
<td>856</td>
</tr>
<tr>
<td>Spirits, wines, and liquors</td>
<td>4,437</td>
</tr>
<tr>
<td>Forage</td>
<td>1,820</td>
</tr>
<tr>
<td>White cotton piece goods</td>
<td>4,477</td>
</tr>
<tr>
<td>Woolen goods (unmixed)</td>
<td>1,099</td>
</tr>
<tr>
<td>Woolen goods (mixed with cotton and other fibers)</td>
<td>937</td>
</tr>
<tr>
<td>Knit goods</td>
<td>347</td>
</tr>
<tr>
<td>Stearine, worked</td>
<td>1,038</td>
</tr>
<tr>
<td>Soap, common</td>
<td>749</td>
</tr>
<tr>
<td>Perfumery</td>
<td>519</td>
</tr>
<tr>
<td>Footwear</td>
<td>1,092</td>
</tr>
<tr>
<td>Hides and skins</td>
<td>377</td>
</tr>
<tr>
<td>Harness</td>
<td>406</td>
</tr>
<tr>
<td>Lumber, sawed</td>
<td>592</td>
</tr>
<tr>
<td>Shocks and staves</td>
<td>348</td>
</tr>
<tr>
<td>Furniture</td>
<td>393</td>
</tr>
<tr>
<td>Live stock</td>
<td>2,062</td>
</tr>
<tr>
<td>Coal</td>
<td>953</td>
</tr>
<tr>
<td>Cement</td>
<td>390</td>
</tr>
<tr>
<td>Glass and glassware</td>
<td>329</td>
</tr>
<tr>
<td>Kitchen utensils, etc.</td>
<td>568</td>
</tr>
<tr>
<td>Electrical goods, including bulbs</td>
<td>749</td>
</tr>
<tr>
<td>Machinery, including sewing machines</td>
<td>586</td>
</tr>
<tr>
<td>Gold, silver, and manufactures of</td>
<td>1,623</td>
</tr>
<tr>
<td>Empty sacks</td>
<td>547</td>
</tr>
<tr>
<td>All other articles</td>
<td>7,497</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58,721</td>
</tr>
</tbody>
</table>

Table 12.—Exports from Melilla, 1913.

[In thousands of pesetas.]

<table>
<thead>
<tr>
<th>Article</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cottons, white</td>
<td>700</td>
</tr>
<tr>
<td>Cottons, colored</td>
<td>593</td>
</tr>
<tr>
<td>Pure woolen cloth</td>
<td>106</td>
</tr>
<tr>
<td>Hides and skins</td>
<td>799</td>
</tr>
<tr>
<td>Livestock</td>
<td>499</td>
</tr>
<tr>
<td>Boilers</td>
<td>258</td>
</tr>
<tr>
<td>Sugar</td>
<td>411</td>
</tr>
<tr>
<td>Wheat flour</td>
<td>225</td>
</tr>
<tr>
<td>Animal goods, including bulls</td>
<td>140</td>
</tr>
<tr>
<td>Fresh fish</td>
<td>75</td>
</tr>
<tr>
<td>Candles</td>
<td>149</td>
</tr>
<tr>
<td>Wood in the grease</td>
<td>124</td>
</tr>
<tr>
<td>All other articles</td>
<td>1,074</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,307</td>
</tr>
</tbody>
</table>

The values of the principal articles in the import and export trade of Ceuta in 1913 are shown in Tables 13 and 14.
TABLE 13.—Imports into Ceuta, 1913.

[In thousands of pesetas.]

<table>
<thead>
<tr>
<th>Article</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirits, wines, and liquors</td>
<td>2,578</td>
</tr>
<tr>
<td>Barley and other cereals</td>
<td>2,004</td>
</tr>
<tr>
<td>Wheat flour</td>
<td>1,718</td>
</tr>
<tr>
<td>Hams, bacon, salt pork, and lard</td>
<td>880</td>
</tr>
<tr>
<td>Chick-peas</td>
<td>804</td>
</tr>
<tr>
<td>Olive oil</td>
<td>608</td>
</tr>
<tr>
<td>Coffee</td>
<td>430</td>
</tr>
<tr>
<td>Vegetables and fruits</td>
<td>423</td>
</tr>
<tr>
<td>Feedstuffs</td>
<td>263</td>
</tr>
<tr>
<td>Live stock</td>
<td>1,903</td>
</tr>
<tr>
<td>Harness</td>
<td>670</td>
</tr>
<tr>
<td>Machinery and agricultural implements</td>
<td>324</td>
</tr>
<tr>
<td>Cotton piece goods</td>
<td>1,107</td>
</tr>
<tr>
<td>Cotton knit goods and articles</td>
<td>984</td>
</tr>
<tr>
<td>Silk goods</td>
<td>621</td>
</tr>
<tr>
<td>Boots and shoes</td>
<td>519</td>
</tr>
<tr>
<td>Woolen goods</td>
<td>378</td>
</tr>
<tr>
<td>Empty sacks</td>
<td>672</td>
</tr>
<tr>
<td>Lime and cement</td>
<td>330</td>
</tr>
<tr>
<td>Shocks and staves</td>
<td>386</td>
</tr>
<tr>
<td>Iron bars and sheets</td>
<td>352</td>
</tr>
<tr>
<td>Gunpowder, explosives, and fuses for mines</td>
<td>273</td>
</tr>
<tr>
<td>All other articles</td>
<td>6,913</td>
</tr>
<tr>
<td>Total</td>
<td>25,803</td>
</tr>
</tbody>
</table>

TABLE 14.—Exports from Ceuta, 1913.

[In thousands of pesetas.]

<table>
<thead>
<tr>
<th>Article</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish, salt, smoked, and cured</td>
<td>718</td>
</tr>
<tr>
<td>Wheat</td>
<td>107</td>
</tr>
<tr>
<td>Chick-peas</td>
<td>58</td>
</tr>
<tr>
<td>Shocks and staves</td>
<td>124</td>
</tr>
<tr>
<td>Sacks</td>
<td>79</td>
</tr>
<tr>
<td>All other articles</td>
<td>365</td>
</tr>
<tr>
<td>Total</td>
<td>1,481</td>
</tr>
</tbody>
</table>

FREE PORTS.

Melilla and Ceuta have been free ports since 1863. At Ceuta two classes of duties are collected. One is levied by the Board of Public Works in the form of tonnage dues on merchandise entering or leaving the harbor. These dues are divided into two classes, one applying to coastwise trade and the other to foreign commerce. It will be recalled in this connection that the trade between Ceuta and Spain is legally coastwise trade. There is a distinct preferential aspect to these duties, as, for example, the dues on coastwise coal is 15 centesimos per ton, while for the foreign trade it is 30 centesimos, a differential of 100 per cent. In other instances the rates are from 1/4 to 1/2 higher on the foreign traffic than on the coastwise trade.

In addition to these tonnage dues the municipality of Ceuta also levies certain duties. These latter are collected on a considerable number of imported articles and on the whole are rather moderate. Preferential duties appear for certain commodities, such as rice, olive oil, beer, pork and certain pork products, cheese, wines, straw, wheat, and a few others. There is no uniformity in the preferences. Imported national cheese has an advantage of 300 per cent in the custom dues as compared with the foreign product; similarly, nationally
produced olive oil has an advantage in custom dues of about 166 per cent as compared with that produced in foreign countries. The lowest rate is on rice imports, where the preferential is about 43 per cent. It will thus be seen that in those instances where a preference appears at all it is relatively very large, though absolutely it may not always be so important.

In Melilla municipal duties (arbitrios) are collected on imports. The amount of the arbitrios collected on imports in 1913, 1,415,500 pesetas, shows that the rate of these municipal duties averaged about 2½ per cent of the value of the total imports of all kinds, free or dutiable. Since 1913, some of the rates have been changed; but the general level remains about the same. Two duties are collected. The port dues for public works are levied on each passenger or animal and on each ton of merchandise landed or loaded in the port. The municipal tax is levied on the importation of many kinds of merchandise. The port dues levied under the royal decree of November 2, 1905, discriminated against trade with non-Spanish ports as follows:

<table>
<thead>
<tr>
<th>Article</th>
<th>Coast trade with Spain and Canary Islands</th>
<th>Foreign navigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foodstuffs</td>
<td>per 100 kilograms</td>
<td>Pes.</td>
</tr>
<tr>
<td>Articles for industrial purposes</td>
<td>do.</td>
<td>.10</td>
</tr>
</tbody>
</table>

The port dues under the royal ordinance of January 11, 1915, make no discrimination in regard to merchandise but discriminate in the charges levied on passengers according to the schedule given below. The general character of the port dues and of the municipal tax may be seen from the following selected items.

<table>
<thead>
<tr>
<th>Pesetas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ores per metric ton</td>
</tr>
<tr>
<td>Coal, cement, building materials, fertilizers, empty sacks, potatoes do</td>
</tr>
<tr>
<td>Cereals, salt, common wine, wool do</td>
</tr>
<tr>
<td>Full-bodied wines and distilled liquors</td>
</tr>
<tr>
<td>Pig lead and merchandise not specified</td>
</tr>
<tr>
<td>Animals each</td>
</tr>
</tbody>
</table>

Passengers to or from a port of Spain or the Moroccan coast—

<table>
<thead>
<tr>
<th>Pesetas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>First class each</td>
</tr>
<tr>
<td>Second class do</td>
</tr>
<tr>
<td>Third class, embarking do</td>
</tr>
<tr>
<td>Third class, disembarking do</td>
</tr>
</tbody>
</table>

Passengers from other countries—

<table>
<thead>
<tr>
<th>Pesetas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>First class each</td>
</tr>
<tr>
<td>Second class do</td>
</tr>
<tr>
<td>Third class, embarking do</td>
</tr>
<tr>
<td>Third class, disembarking do</td>
</tr>
</tbody>
</table>

Municipal tax.¹⁰

<table>
<thead>
<tr>
<th>Pesetas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles and clothing per kilo</td>
</tr>
<tr>
<td>Conserves, confitures, chocolate do</td>
</tr>
<tr>
<td>Fish, butter, salted meat do</td>
</tr>
<tr>
<td>Dates do</td>
</tr>
<tr>
<td>Spices do</td>
</tr>
</tbody>
</table>

¹⁰ Melilla: Tarifa Num. 19, Jan. 20, 1919.
Tea.................................................. per kilo. 0.16
Coffee.............................................. do. 0.22
Kerosene. ........................................... do. 0.07
Common wine under 15°. ........................... do. 0.07
Full-bodied wines. ................................... do. 0.23
Beer.................................................. do. 0.05
Alcohol.............................................. do. 0.80
Coal................................................ per metric ton. 1.00
Wood................................................. per metric ton. 4.00-5.00
Steel sheets........................................ per quintal. 3.50

TREATMENT OF PRODUCTS OF THESE TERRITORIES IN SPAIN.

Under the tariff law of 1882, products of Melilla, Ceuta, the Cha-
farinas, Alhucemas, and Peñon de la Gomera paid the full duties,
with the exception of fish from the first three, which entered free
if provided with the proper certificates.

SPANISH GUINEA.

LOCATION, AREA, AND POPULATION.

The Spanish possessions in the Gulf of Guinea include the islands
of Fernando Po, the district of the mainland known as Rio Muni,
and several lesser islands. Fernando Po lies some 20 miles off the
Kamerun coast at 3°-4° north. Rio Muni lies on the coast just
north of the Equator, between the Muni and Campo Rivers, and
after the French cession of territory to Germany in 1912 was entirely
surrounded on the landward side by Kamerun. The smaller islands
named below are in the mouth of the Muni River and in Corisco
Bay, except Annobon which lies 300 miles to the southwest.

The areas and population of these possessions are shown in Table 15.

Table 15.—Area and population of Spanish Guinea.

<table>
<thead>
<tr>
<th>Possessions and dependencies</th>
<th>Area (square miles)</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>Rio Muni</td>
<td>9,470</td>
<td>89,130</td>
</tr>
<tr>
<td>Fernando Po</td>
<td>800</td>
<td>17,000</td>
</tr>
<tr>
<td>Annobon</td>
<td>6.5</td>
<td>1,400</td>
</tr>
<tr>
<td>Corisco</td>
<td>5.3</td>
<td>1,100</td>
</tr>
<tr>
<td>Little Elobey</td>
<td>.05</td>
<td>150</td>
</tr>
<tr>
<td>Great Elobey</td>
<td>.75</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10,233</td>
<td>108,050</td>
</tr>
</tbody>
</table>

1 Estimates given in the Statesman's Year-Book for 1919, p. 1269. The table on p. 1268 gives the popula-
tion of Rio Muni as 200,000 and of the islands as 23,844. Briones Ferrero, Gabriel: España, Datos Geo-
gráficos y Estadísticos, Madrid, 1918 (?), gives Rio Muni a population of 17,330 (p. 8), or of 101,000
(p. 438). Similarly he gives Fernando Po a population of 12,100 or of 20,720.

GOVERNMENT.

The Spanish possessions in the Gulf of Guinea constitute a single
colony under a governor general who resides at the capital, Santa
Isabel, on Fernando Po. There are subgovernors for the districts
of Bata, the chief town of the mainland, and of Elobey, which
includes the islands of Annobon and Corisco. There is no representative assembly and the tariffs are promulgated by royal decrees.

DEVELOPMENT OF THE COLONY.

Spanish Guinea may be divided into two parts: Fernando Po, and the mainland with the adjacent islands. Fernando Po has developed rapidly in the last 20 years, but the colony on the mainland has made no progress.

The coast of the mainland is low, marshy, and unhealthful. Its luxuriant vegetation abounds in rubber trees, oil palms, and hardwoods. But Spanish authority has not been made effective beyond the coast and there are no harbors and no railroads or even roads. The region also lacks navigable rivers. The few English, French, or Spanish "factories" are located on the coast and on the islands of Corisco and Little Elobey. These factories exchange textiles and other European goods for ivory and forest products. An official report summarized the situation in 1915 as follows:

In summary, the utilization or improvement of the colony from the point of view of its exploitation is practically zero, for the cultivated fields do not amount to one part in two thousand of the total area. The result is that a region capable of producing 500 millions (of pesetas) annually at present produces scarcely 1 million.41

The Spanish Government has tried to enlist private capital in the development of Rio Muni by offering concessions on very favorable terms with tax exemptions and even bounties, but so far without success.

Fernando Po is a very fertile volcanic island, and as it rises to a height of 9,300 feet it might be used as a health resort. The little money which the government of the colony has had at its disposal in recent years has been spent in Fernando Po; new public buildings have been erected and two short railroads have been undertaken. While the agricultural development of the island has only started, it has made rapid progress since 1900. There are numerous European plantations, and cocoa, coffee, sugar and tobacco are cultivated. There is some trade in wood and other uncultivated products, but the trade in all other products combined is only a small fraction of that in cocoa. The annual harvest of cocoa has increased rapidly. In 1903 the crop amounted to 1,400 metric tons; in 1911, to 2,800 tons; and in 1914, to over 4,000 tons.52

COMMERCE.

The total value of the commerce of the Spanish colonies in the Gulf of Guinea in 1913 53 was 11,911,000 pesetas ($2,298,000), 6,831,000 representing exports and 5,080,000 imports. In 1910 the total value had been 8,047,000 pesetas—exports 4,067,000 and imports 3,980,000. The exports in 1913 included cocoa (6,920,000 pesetas),54 timber, rubber, palm kernels, vegetable ivory, palm and coconut oil, copra, coffee, and kola nuts. The imports consisted chiefly of foodstuffs and provisions (1,309,339 pesetas), textiles, table-

43 The figures quoted are from Revista de Geografía, 1916, pp. 18-19.
44 It is obvious that the value given for the cocoa exports is greater than the value for all exports. The discrepancy is remarked by the writer in the Revista de Geografia, who suggests that the explanation may be found in a confusion of exports to Spain with total exports. 1916, p. 19.
wares, building materials, hardware and tools, clothing, and leaf tobacco.

*Trade of Spain with Fernando Po.*—The value of the trade in certain commodities between Spain and Fernando Po in 1913 is shown in Tables 16 and 17:

**Table 16.—Imports into Spain from Fernando Po, 1913.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa</td>
<td>4,576</td>
</tr>
<tr>
<td>Wood</td>
<td>206</td>
</tr>
<tr>
<td>Miscellaneous imports</td>
<td>93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,875</td>
</tr>
</tbody>
</table>

**Table 17.—Exports from Spain to Fernando Po, 1913.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wines</td>
<td>324</td>
</tr>
<tr>
<td>Gold and silver coin</td>
<td>483</td>
</tr>
<tr>
<td>Preserved fruits and vegetables</td>
<td>83</td>
</tr>
<tr>
<td>Footwear, of all kinds</td>
<td>34</td>
</tr>
<tr>
<td>Liquors</td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td>284</td>
</tr>
<tr>
<td>Cotton textile products</td>
<td>42</td>
</tr>
<tr>
<td>Olive oil</td>
<td>101</td>
</tr>
<tr>
<td>Drugs and pharmaceutical products</td>
<td>101</td>
</tr>
<tr>
<td>Manufactures of wood</td>
<td>435</td>
</tr>
<tr>
<td>Miscellaneous exports</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,974</td>
</tr>
</tbody>
</table>

**Tariff Policy relating to Spanish Guinea.**

*Tariff of 1893.*—The tariff of 1893 for Fernando Po 55 levied duties on only about a dozen articles of importation and on two exports. Spanish goods in Spanish vessels were admitted free or on payment of one-fifth of the duties paid by foreign goods in foreign vessels. The duties were for the most part ad valorem, but were to be stabilized by the fixing of official valuations. The preferences given to Spanish products and to Spanish shipping are shown in the following table which includes practically the whole of the schedule:

**Tariff of 1893.**

<table>
<thead>
<tr>
<th>Article</th>
<th>Foreign goods in foreign vessels</th>
<th>Foreign goods in Spanish vessels</th>
<th>Spanish goods in Spanish vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles, except silk</td>
<td>Per cent. 15</td>
<td>Per cent. 12</td>
<td>Per cent. Free.</td>
</tr>
<tr>
<td>Silk</td>
<td>Per cent. 17</td>
<td>Per cent. 14</td>
<td>Free.</td>
</tr>
<tr>
<td>Ready-made clothing</td>
<td>Per cent. 8</td>
<td>Per cent. 6</td>
<td>Free.</td>
</tr>
<tr>
<td>Wines</td>
<td>Per cent. 15</td>
<td>Per cent. 10</td>
<td>Per cent. 3.</td>
</tr>
<tr>
<td>Other alcoholic beverages</td>
<td>Per cent. 100</td>
<td>Per cent. 75</td>
<td>Per cent. 0.</td>
</tr>
<tr>
<td>Jewelry</td>
<td>Per cent. 200</td>
<td>Per cent. 0.5</td>
<td>Per cent. 0.</td>
</tr>
<tr>
<td>Arms and munitions</td>
<td>Per cent. 100</td>
<td>Per cent. 100</td>
<td>Per cent. 20.</td>
</tr>
<tr>
<td>Leaf tobacco</td>
<td>Per cent. 50</td>
<td>Per cent. 35</td>
<td>Per cent. Free.</td>
</tr>
<tr>
<td>Manufactured tobacco</td>
<td>Per cent. 17</td>
<td>Per cent. 14</td>
<td>Per cent. Free.</td>
</tr>
</tbody>
</table>

55 Decree of Aug. 2, 1893, Gaceta de Madrid, Aug. 11, 1893. The duties came into force six months after the publication of the decree.
Foreign coal paid 1 peso per thousand kilograms. The chief differences between this schedule and the one now in force are found in the presence of the intermediate column and in the absence of a general rate on articles not specified. The export duties were only two:

<table>
<thead>
<tr>
<th>Article</th>
<th>In foreign vessels to foreign ports.</th>
<th>In Spanish vessels to foreign ports or in foreign vessels to Spanish ports.</th>
<th>In Spanish vessels to Spanish ports.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm oil</td>
<td>Per cent. 8</td>
<td>Per cent. 8</td>
<td>Free.</td>
</tr>
<tr>
<td>Cocoa</td>
<td>Per cent. 8</td>
<td>Free.</td>
<td>Free.</td>
</tr>
</tbody>
</table>

Tariff of 1907.—In 1906 the schedules of Fernando Po were extended to Rio Muni, and in the following year new schedules were proclaimed for all the Spanish possessions in the Gulf of Guinea. This royal ordinance of December 9, 1907, included a free list, schedules of import and export rates, and miscellaneous regulations. The purposes of the decree were set forth in the preamble, which reads in part as follows:

Endeavor is being made to promote the interests of the treasury so far as may be consistent with the commercial interests of the colony.

Considering that the fundamental basis of the new fiscal system should be as follows: Establishment of the duty in a specific form—that is, according to weight and measurement, so far as may be feasible; freedom from duty for articles classed as of prime necessity, as well as for those which may contribute to promote the material welfare and economic life of the colony, fixing of increased duties upon articles the consumption of which may prove harmful, as for example, alcoholic drinks; exemption from export duties of fruits and products, the trade in which, being just begun, it is desirable to encourage; determination of the proper duties upon the exportation of products which especially constitute the riches of Spanish Guinea; adoption of the system of columns, the one applicable to foreign commerce or to that under a foreign flag, and the other relating to domestic commerce carried on under the national flag, and finally that domestic commerce as well as shipping shall be protected by a proper differential margin.

Considering, lastly, that the spirit which should shape the new tariff ought to be moderate in its aims as to revenue, both because of the economic situation of the colony, still very weak at its entrance into commercial life, and because it is absolutely necessary, by great caution in imposing duties and taxes, to foster the improvement and prosperity of the colony in its various relations and aspects. * * *

Preferential import duties: Under the tariff of 1907, which is still in force as set forth in the table below, substantial preferentials are accorded to Spanish products of the kinds most used by the natives, with the exception of alcoholic beverages. These articles are textiles and arms and munitions. Preferences are granted also on boots and shoes, jewelry, coal, tobacco, beer and wine, and on all articles not enumerated and not on the free list. These preferences, however, are limited to imports made in ships flying the Spanish flag. The free list is liberal, including, as stated in the preamble, "articles classed as of prime necessity as well as those which may contribute to promote the material welfare and economic life of the colony." Among the most important are the following: Goods imported for the use of the government and for hospitals and missions; machines and tools for the construction of highways and railways; articles
imported by travelers for their own use; foodstuffs of various kinds, including live animals, meat, fish, oils, rice, cereals, vegetables, and fruits; building materials; agricultural, industrial, and mining machinery; and a variety of articles necessary for the comfort of European settlers, such as books, pictures, and tableware.

This free list excludes from preferential tariff treatment practically all imports for the economic development of the territory and is a considerable deduction from the maximum possible extent of the preferences. On the stronger alcoholic beverages there is likewise no preference, but on the rest of the schedule the preferences range from one-third of the duty levied on foreign goods to the whole of that duty. The absolute amount of the preference is 80 per cent ad valorem on breech-loading firearms, 15 per cent on textiles other than silk and on jewelry, about 81 (equivalent) a ton on coal, and 5 per cent ad valorem on unenumerated articles. The full schedule is as follows:

**Import duties of Spanish Guinea.**

<table>
<thead>
<tr>
<th>Article</th>
<th>Rates on foreign goods or on goods imported under foreign flag.</th>
<th>Rates on Spanish goods imported under Spanish flag.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tissues of silk...</td>
<td>ad valorem</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Tissues of linen, cotton, or other textiles except silk.</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Ready-made clothing</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Boots and shoes</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Jewelry</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Coal</td>
<td>per 1,000 kilos.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Full bodied wines</td>
<td>per kilo gross.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Common wines</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Breech-loading firearms</td>
<td>ad valorem</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Tobacco, manufactured</td>
<td>per kilo gross.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Tobacco, leaf</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Gunpowder, common</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Gunpowder, fine</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Flintlocks</td>
<td>each</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Percussion-cap guns</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Percussion caps</td>
<td>per 100.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Small shot, buckshot, etc.</td>
<td>per kilo gross.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Cartridges, uncharged</td>
<td>per 100.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Cartridges, charged</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Petroleum</td>
<td>per 100 kilos.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Beer</td>
<td>per kilo gross.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Alcohol, denatured</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Sparkling wines</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Alcoholic liquids, without any added substances, of a value less than 1 peseta per liter, up to 50 degrees, inclusive</td>
<td>per kilo gross.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>For each degree in addition an additional duty of</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Alcohol liquids, with admixture of any kind, of a value less than 1 peseta per liter</td>
<td>per kilo gross.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>Alcoholic liquids of a value of 1 peseta or more per liter</td>
<td>per bottle.</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>In bottles of less than one-half liter</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>In bottles of one-half liter to 1 liter</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>In receipts of a capacity of more than one liter</td>
<td>do</td>
<td>Pes. cts.</td>
</tr>
<tr>
<td>All other articles, not included above and not on the free list</td>
<td>ad valorem</td>
<td>Pes. cts.</td>
</tr>
</tbody>
</table>

1 This rate was increased to 175 pesetas per hectoliter for the territories on the Continent by a royal ordinance of July 19, 1913. (Gaceta de Madrid, Aug. 20, 1913.)
Preferential export duties: The preferential principle applies also to the export tariff. All exports are free of duty when consigned to a Spanish port in a Spanish vessel. When consigned to foreign ports, or transported under a foreign flag, they pay the following duties:

*Export duties of Spanish Guinea.*

<table>
<thead>
<tr>
<th>Article</th>
<th>Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm oil.</td>
<td>per 100 kilos net.</td>
</tr>
<tr>
<td>Oleaginous nuts, palm, palmiste, ka, etc.</td>
<td>do.</td>
</tr>
<tr>
<td>Cocoa.</td>
<td>do.</td>
</tr>
<tr>
<td>Rubber.</td>
<td>do.</td>
</tr>
<tr>
<td>Wood, in logs or pieces measuring up to 3 meters in length.</td>
<td>piece.</td>
</tr>
<tr>
<td>And for each meter or fraction thereof by which they exceed that length.</td>
<td>pes.</td>
</tr>
<tr>
<td>Wood in planks.</td>
<td>per 1,000 feet.</td>
</tr>
<tr>
<td>Ebony and redwood (palo rojo).</td>
<td>per 100 kilos net.</td>
</tr>
<tr>
<td>Ivory, in tusks, of 6 or more kilos.</td>
<td>per kilo net.</td>
</tr>
<tr>
<td>Kola nuts.</td>
<td>per 100 kilos net.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These products not only receive this preferential export rate if exported to Spain, but, as may be seen from the table on page 563, generally enter Spain also under a preferential tariff.

Miscellaneous provisions: Miscellaneous provisions include the following: (1) the restriction of imports of arms and ammunition to three ports (Santa Isabel, Nueva Bata, and Elobe), and regulations regarding their sale; (2) prohibition of the importation of spurious and light coins, obscene pictures and books, diseased animals and adulterated and damaged foodstuffs; (3) prohibition of the export of pieces of bokumen wood less than 75 centimeters in diameter, and also of elephant tusks and pieces or stubs of ivory weighing less than 6 kilos.

**Municipal duties.**

The communal councils of Fernando Po had been authorized previous to 1907 to levy surcharges up to 50 per cent of the import duties. This power was abolished in 1907 or early in 1908, and for it was substituted a fixed schedule of municipal import duties as follows:

<table>
<thead>
<tr>
<th>Product</th>
<th>Pesetas per hundred kilos gross.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brandy, whisky, etc</td>
<td>15</td>
</tr>
<tr>
<td>Sparkling wines</td>
<td>15</td>
</tr>
<tr>
<td>Full-bodied wines</td>
<td>10</td>
</tr>
<tr>
<td>Alcohol</td>
<td>8</td>
</tr>
<tr>
<td>Rum, ginger, etc.</td>
<td>4</td>
</tr>
<tr>
<td>Beer</td>
<td>1</td>
</tr>
<tr>
<td>Cuban sugar cane</td>
<td>5</td>
</tr>
<tr>
<td>Leaf tobacco</td>
<td>10</td>
</tr>
<tr>
<td>Cement and bricks</td>
<td>0.10</td>
</tr>
<tr>
<td>Other merchandise</td>
<td>0.25</td>
</tr>
</tbody>
</table>

These duties are levied on imports regardless of origin.

---

56 The limitation has since been modified in order to allow the export of all wood cut in the process of clearing land for cultivation. See Revista de Geografia, 1916, pp. 17-18.

57 Board of Trade Journal, 1908, vol. 60, p. 491.
According to the tariff regulations in force as early as 1870, products of Spanish Guinea entered Spain free of customs duty, though subject to "temporary" and municipal duties. Only certain products, however, were officially recognized as those of the colony. Thus it was not until 1892 that cocoa was so recognized. The Spanish tariff of 1899 subjected to duty all products of Fernando Pó, Rio de Oro, and the other Spanish possessions in Africa, except fresh, salted, and cured fish, caught and prepared by Spaniards. This tariff provided, however, special rates for raw cocoa and coffee from Fernando Pó, if transported directly in Spanish ships with the proper formalities. The rates were: On cocoa, 90 pesetas per hundred kilograms, as against 120 pesetas on the foreign product; and on coffee, 105 and 140 pesetas. The rate on coffee remains unchanged, but the preference on cocoa was greatly increased in 1912 by reducing to 50 pesetas the rate on the colonial product.

It should be noted that these preferences on cocoa and coffee apply only to Fernando Pó, and not to Rio Muni and Rio de Oro. The amount of cocoa importable at the lower rate was limited in 1912 to 2,000 metric tons, but this amount has been freely changed—in 1913 it was 2,750, in 1915, 4,000, and in 1917, 3,700 tons. There has been some criticism because these quantities were less than the total production. Some producers have held their cocoa, notwithstanding its inevitable deterioration, until after January 1, so that it would enter Spain under the lower duty the following year. The budget law of December 25, 1912, for Spanish Guinea provided that coffee, the product of the Spanish possessions in the Gulf of Guinea should be admitted entirely free from duty to a quantity of 5,000 kilograms in 1913, and 10,000, 15,000, 20,000, and 25,000 kilograms respectively, in the successive years through 1917. Any quantities in excess of these amounts were to pay the preferential rate of 105 pesetas. Colonial cocoa, coffee, and palm oil are further protected in the Spanish market by the surtaxes on indirect importation.

By the Spanish tariff of 1912, exemption from duty was granted to a score of the chief exports of Spanish Guinea, Rio de Oro, and "the other Spanish possessions in Africa." This exemption was, as usual, dependent upon direct transportation in Spanish vessels. After the exemptions had been extended to the Spanish zone in Morocco, fresh and dried fruit was added to the list. The following tabular statement shows the preferential treatment in Spain of the cocoa and coffee of Fernando Pó, and the list of colonial products admitted free, together with the minimum duties levied on similar products of foreign origin:

---

68 See p. 598.
69 "Directly" does not prevent stopping at natural ports of call if no cocoa or coffee be taken on board.
70 The temporary tariff of May, 1921, makes the rate 70 pesetas and the draft of July, 1921, raises it to 90 pesetas.
71 In 1920 the duty on cocoa from Fernando Pó was provisionally reduced to 20 pesetas per 100 kilos, pending the return of more normal exchange rates. This was mentioned in the temporary tariff of May, 1921, and is retained in the July draft. The latter, however, reduces the rate on the foreign product to 100 pesetas per 100 kilos.
73 Bol. di legis., 1918, p. 739, citing Gaceta de Madrid, Oct. 31, 1918.
74 The rates are those in force to 1921. The temporary tariff of May, 1921, increased most of them by 50 or 100 per cent. Cotton and ivory were unchanged.
Prefential treatment accorded by Spain to products of Spanish Guinea.\(^1\)

<table>
<thead>
<tr>
<th>Articles</th>
<th>Minimum rates of duty levied on products of foreign countries.</th>
<th>Customs treatment of products of Fernando Po, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa (^2)</td>
<td>100 pesos.</td>
<td>Pes. cts. Free.</td>
</tr>
<tr>
<td>Coffee (^3)</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Neat cattle (milch cows).</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Neat cattle, other cows and bullocks.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Neat cattle, calves.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Sheep.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Goats.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Fish, fresh, salted or cured, if caught and prepared by Spaniards.</td>
<td>100 pesos.</td>
<td>Pes. cts. Free.</td>
</tr>
<tr>
<td>Raw cotton.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Wool, common, unwashed.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Wool, washed.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Hides and skins, dried.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Hides and skins, green.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Gum arabic.</td>
<td>kilo.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Coconut.</td>
<td>kilo.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Palm nuts.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Palm oil.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>India rubber.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Wood, unworked.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Dyewoods.</td>
<td>100 kilos.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Coconuts.</td>
<td>do.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Ostrich feathers.</td>
<td>kilo.</td>
<td>100 00 20 00</td>
</tr>
<tr>
<td>Fresh and dried fruit.</td>
<td>100 kilos.</td>
<td>100 00 20 00</td>
</tr>
</tbody>
</table>

\(^1\) This preferential treatment, except that on cocoa and coffee, is extended to the products of Río de Oro and the other Spanish possessions in Africa, including, since the decree of July 23, 1918, the Spanish zone in Morocco. (Bol. de leyes, 1918, p. 628, citing the Gaceta de Madrid, July 23, 1918.)

\(^2\) In the bean, unroasted, the product of Fernando Po, and imported directly therefrom in national vessels. Imports at the preferential rate are limited each year to a certain number of tons.

\(^3\) In the bean, unroasted, the product of Fernando Po, and imported directly therefrom in national vessels.

\(^4\) Fish, fresh, or with the salt indispensable for its preservation; salted codfish and stockfish.

\(^5\) Tunny fish and sardines, fresh or with the salt indispensable for preservation.

\(^6\) Not specified in the tariff.

\(^7\) The rates vary according to the kind of wood.

\(^8\) Raisins, figs, and dates for distillation pay 20 pesetas per 100 kilos.

RIO DE ORO AND IFNI.

LOCATION, AREA, AND POPULATION.

The territory which usually appears on the maps as a single block under the name Río de Oro really consists of three parts, to which Spain possesses various titles. The larger part, to the south, is the colony proper. On January 9, 1885, the Spanish Government notified the European powers of its protectorate over this part of the coast, and the inland boundaries were later fixed by treaties with France. The notification of 1885 defined the coast as extending from Cape Blanco to Cape Bojador (27° 40' N., the boundary of Morocco), but a little later the decree putting the territory under the governor general of the Canary Islands defined it as extending from 20° 51' only to 26° 8', leaving unclaimed nearly 100 miles of coast between the colony and the Moroccan Empire. This coast and its hinterland was referred to in the Franco-Spanish treaty of October 3, 1904, in that France recognized in favor of Spain a "preferential right of occupation" for the territory between 26° and 27° 40' N. This occupation has not yet taken place, so that under the rule that effective occupation is necessary for the annexation of territory Spain has technically...
no title to the region; but as France is the only other power interested in northwestern Africa, French recognition of the Spanish sphere of influence is sufficient for practical purposes. The third portion of the territory usually represented as being part of Rio de Oro is the southwest corner of the Empire of Morocco which was recognized by the Franco-Spanish treaty of November 27, 1912, as part of the Spanish zone of influence in Morocco. The area of these three territorial divisions is about 65,500, 34,700, and 9,000 square miles, respectively, or a total of 109,200 square miles. The inhabitants, mixed tribes of Mohammedan Berbers and Negroes, number some tens of thousands. The administration of Rio de Oro is carried on by a subgovernor under the governor of the Canary Islands.

Farther up the coast a small strip of territory entirely surrounded by the French zone in Morocco is indicated on many maps as Spanish territory, under the name of Ifni. Its history is as follows: In 1476 the governor of the Canary Islands made a settlement at Santa Cruz de Pequena, on the African coast. By the treaty of 1860 with Morocco, the Spaniards obtained the recognition of the right to a fishing station at this point; but they were later unable to prove the location of the long abandoned settlement, and it is not improbable that it really lay in what is now Rio de Oro. In the Franco-Spanish treaty of November 27, 1912, the French recognized this cession of territory which was still to be defined by the Sultan of Morocco, and its boundaries were fixed by the Nun and Bu Sedra Rivers and a line 25 kilometers from the coast. The area included is thus some 965 square miles. This territory, however, has not been occupied by the Spaniards, whose title to it is obviously incomplete. Naturally, it can have no special tariff, and it will receive no further consideration.

COMMERCE OF RIO DE ORO.

Rio de Oro is an arid, rocky and sandy plateau a thousand feet above sea level, and is often called the Spanish Sahara. There are a number of oases in the interior, and near the coast there is a scant growth of esparto grass. Attempts to acclimate European plants have not proved successful. The climate is very dry and hot, the temperature at times reaching 120° F. The inhabitants obtain a poor subsistence by raising cattle, sheep, and camels. The fisheries, the most important industry, are exploited by vessels from the Canary Islands.

The principal items in the foreign trade of Rio de Oro in 1914 were as follows:

Table 18.—Foreign trade of Rio de Oro, 1914.
[From Revista de Geografía, 1916, p. 21.]

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foodstuffs</td>
<td>Pesetas</td>
<td>Fish</td>
<td>Pesetas</td>
</tr>
<tr>
<td>Textiles</td>
<td>56,658</td>
<td>Fish manure</td>
<td>425</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>15,533</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>47,067</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>119,260</td>
<td>Total</td>
<td>122,925</td>
</tr>
</tbody>
</table>

See p. 532, fn. 5.

Briones Ferrero: Op. cit., on one page gives 24,000 and on another, 45,000. For other figures see Statesman’s Year-Book, 1919 and 1921.

In 1910 the imports were valued at 96,870 pesetas and the exports at 352,360 pesetas. In that year the exports of fish were worth 346,501 pesetas. The commerce carried on between Spain and Rio de Oro is insignificant; in 1915 the imports into Spain from the colony were valued at only 38 pesetas and the exports to the colony were 1,102 pesetas, but as Spanish fishermen who carry on operations on the coast of Rio de Oro have their base in the Canary Islands, fish from these fisheries probably appear in the Spanish statistics as imports from the Canary Islands.

**TARIFF OF RIO DE ORO.**

Search has failed to disclose any tariff schedules for this territory. The only decree on the subject before 1912 appears to be that of April 23, 1895, which provided that all Spanish products should enter free if imported directly under the Spanish flag and that certain products "from the Rio de Oro factory" should, under the same conditions, be admitted free into Spain. The articles named were bovine animals, wool, gums, rough ivory, gold dust, ostrich skins and feathers, and fresh, salt, dried, smoked, or preserved fish from the fisheries or manufactories on the coast of the said colony. In the tariff act of 1912, Rio de Oro is mentioned only in connection with Fernando Po and the other Spanish possessions in Africa, in the provision for the free importation of their products into Spain. The products listed for free importation into Spain are given on page 563. Since fish are practically the only export of Rio de Oro and half a dozen of the more plausible objects of trade development had already been mentioned by the decree of 1895, it is not likely that the law of 1912 made any change in the situation so far as this colony was concerned.

**THE SPANISH ZONE OF INFLUENCE IN MOROCCO.**

LOCATION, AREA, AND POPULATION.

By the treaty of November 27, 1912, between France and Spain, Spain was to assist in maintaining tranquility and good government in a part of the Moroccan Empire. The Spanish zone of influence, thus constituted, consists of two distinct territories: A strip along the northern coast of Morocco, and a rectangular block in the southwest corner contiguous with Rio de Oro. This southern block lies between the River Draa and Cape Bojador (27° 40' N.) and extends inland to longitude 8° 40' west of Greenwich. Its area is about 9,000 square miles, and the estimated population is only some 6,000. It produces some esparto grass and date palms and the inhabitants raise sheep and camels. The occupation of this territory was begun in 1916 to the extent that a small post is maintained at Tarfaya near Cape Juby.

The Spanish zone in northern Morocco, generally referred to simply as the Spanish zone, extends some 350 miles along the northern coast, from the mouth of the Muluya River on the Mediterranean Sea westward to the Strait of Gibraltar and southward along the Atlantic Coast to 35° north. West of the Strait of Gibraltar its coast line is broken by the international zone surrounding Tangier, and east of the strait by the old Spanish towns of Ceuta and Melilla.

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65 *Deutsche Kolonialzeitung*, 1913, p. 25.
This strip extends inland for an average distance of 50 kilometers (30 miles) and contains in all about 10,950 square miles, or one-twentieth of the entire area of the Moroccan Empire. It comprises the districts known as the Rif, the Ghabr, and Djejbal. The Rif lies in the eastern half of the zone, and "forms almost a nation apart," as the people differ from the other tribes of Morocco in language, appearance, and customs. For centuries their submission to the Makhzen (Moroccan Government) has been only nominal. The authority of the Government over the Jibalas (inhabitants of Djejbal) was also small. In 1914 Spain had effectively occupied only about one-fourth of this northern zone. The population of this northern Spanish zone is usually given as about one-half million, but the latest estimate attributes that number to Djejbal alone and adds 400,000 for the Rif and 50,000 for the Ghabr. The greater part of the Ghabr is in the French zone.

SPANISH INTERESTS IN MOROCCO.

The Spaniards have naturally been interested in the country lying so close to them across the Strait of Gibraltar. Spain's commercial interests in Morocco have long been of some importance. The Spanish Jew is an element of long standing in the population, and in recent years there has been a new influx of Spanish merchants to Morocco. With the development of public improvements under European supervision in Tangier and elsewhere, a great number of Spanish laborers have resided more or less permanently in the cities of Morocco. In 1908 it was estimated that the Spanish population of Morocco numbered 30,000, or about four-fifths of the entire Christian population. Relations between Spain and Morocco have not always been friendly, and even in times of peace the uncontrolled tribesmen of the Rif have often caused trouble. In 1893, after a conflict, the Moorish Government was forced to pay an indemnity of 20,000,000 pesetas, giving as temporary security a lien upon certain customs duties. In 1909 Riffians attacked a gang of Spanish railroad laborers near Melilla. Large Spanish forces were sent to Africa, and after severe fighting occupied a considerable tract of territory. A treaty was then made by which the Shereef granted an indemnity of 65,000,000 pesetas to Spain and agreed that a corps of Spanish officials should assist the Moorish authorities in the collection of customs duties on the frontiers near Melilla and Ceuta. In 1911 another attack upon Spaniards in the Rif resulted in the occupation by Spanish forces of the ports of Laraiche (El Araish) and Arzila and of the district between as far inland as Alcazar (El Kasar). The natives made another serious attack on the Spanish forces in this region in 1921.

In 1904 Spain had recognized the right of France to give advice to the Moorish Sultan concerning political and economic reforms, and in turn France had recognized the predominance of Spanish

68 Harris and Cozens-Hardy: Modern Morocco (1919), p. 15.
69 Don Louis Garcia Alix: Un Voyage d'Etudes en Algerie (L'Afrique Francaise, 1918, vol. 26, Supplement, p. 23). He states that the Spaniards had occupied 7,000 out of the 28,000 square kilometers in their [northern] zone and the French 215,000 out of their 572,000 kilometers. The area of this Spanish zone is usually given as 24,000 or 25,000 square kilometers but sometimes somewhat less. Harris and Cozens-Hardy state that the Spaniards have not occupied one-tenth of this territory.
influence in a zone or sphere of influence in Morocco. But Germany's protest against this manner of handling Moroccan affairs resulted in the meeting of an international conference at Algeciras in 1906. The act of Algeciras, although it partially nullified the Franco-Spanish agreement of 1904, gave Spain the right to police certain ports and admitted European representatives to participation in the management of the State Bank of Morocco. In 1912, when France formally announced her protectorate over Morocco, the zone described above was assigned to Spanish control. The port of Tangier (140 square miles) was not included in the Spanish zone, but was to be subjected to an international control. The form of this control and the exact status of Tangier, however, have not yet been agreed upon. In the meantime, and provisionally, the consuls of the European powers practically govern the city. The Spaniards feel that Tangier is an essential part of their zone, and argue that on the basis of foreign population it should be given to them. The French point to their predominant position in Morocco and to their investments in Tangier; and they are no more interested than the Spaniards in establishing a definitive international administration for Tangier.

**GOVERNMENT OF THE SPANISH ZONE.**

The treaty between France and Spain regarding Morocco (1912) provided for the continuation of the Shereefian Government subject to the control of the French and the Spaniards in their respective territories. The Spaniards take the position that the treaty gave to them the same relation to their zone of influence as the French have to theirs—i.e., that the zone of influence is really a protectorate. The French maintain that there is only one Shereefian Government which retains its sovereignty over the whole of Morocco, including Tangier and the Spanish zone, and that by their treaties with Spain and Morocco, France alone is the protector and adviser of this Government in all that pertains to foreign affairs and to all other functions of Government which are not local in their nature.

The Spanish zone is administered, under the control of a Spanish high commissioner, by a Caliph chosen by the Moorish Sultan from two candidates nominated by the Spanish Government. Provision is made for the financial independence of the Spanish zone, in the following articles of the treaty:

Arr. 10. The imposts and resources of every kind in the Spanish zone will be appropriated for the expenses of said zone.

Arr. 11. The Shereefian Government can not be called upon to share in any way the expenses of the Spanish zone.

The financial independence is not complete, however, for the treaty also provided (art. 12) that the Spanish zone should contribute to the expenses of the Moroccan loans of 1904 and 1910 in the ratio which the customs receipts of the Spanish ports, after a deduction of 500,000 pesetas Hassani, bear to the total received in all the ports which are open to commerce. The contribution from the Spanish zone was provisionally fixed at 7.95 per cent of the total expenses of the loans, but this ratio is subject to annual revision.

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74 See various declarations by leading Frenchmen and Spaniards, published from time to time in L'Afrique Francaise.
The distribution of the export and import trade of the three ports, Laraiche, Tetuan, and Arzila in the Spanish zone, by countries, in 1915 and 1916 is shown in the following table:76

<table>
<thead>
<tr>
<th>Country</th>
<th>Imports 1915</th>
<th>Imports 1916</th>
<th>Exports 1915</th>
<th>Exports 1916</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>511,951</td>
<td>573,088</td>
<td>43,179</td>
<td>79,303</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>218,892</td>
<td>176,363</td>
<td>27,792</td>
<td>28,212</td>
</tr>
<tr>
<td>Egypt</td>
<td>23,921</td>
<td>35,588</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>35,071</td>
<td>22,898</td>
<td>8,147</td>
<td>4,205</td>
</tr>
<tr>
<td>Netherlands</td>
<td>31,030</td>
<td>12,037</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>8,444</td>
<td>9,380</td>
<td>79,212</td>
<td>176,365</td>
</tr>
<tr>
<td>Italy</td>
<td>18,838</td>
<td>4,525</td>
<td>339</td>
<td>62</td>
</tr>
<tr>
<td>Other countries</td>
<td></td>
<td></td>
<td>84,061</td>
<td>111,979</td>
</tr>
<tr>
<td>Total</td>
<td>833,996</td>
<td>833,814</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The share of Spain in the trade of the Spanish zone was as follows: 1915—imports, 60 per cent; exports, 51 per cent; 1916—imports, 68.7 per cent; exports, 70.9 per cent.

In the absence of statistics treating the commerce of the Spanish zone by commodities, Tables 20 and 21 are submitted to show the chief commodities exchanged between Spain and Morocco (both French and Spanish zones):77

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1913</th>
<th>1914</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural phosphate of lime</td>
<td></td>
<td>67</td>
</tr>
<tr>
<td>Sesame and other oil-bearing seeds</td>
<td>64</td>
<td>838</td>
</tr>
<tr>
<td>Hides and skins, dried</td>
<td>624</td>
<td>679</td>
</tr>
<tr>
<td>Hides and skins, green</td>
<td>58</td>
<td>66</td>
</tr>
<tr>
<td>Tallow and other animal fats</td>
<td>69</td>
<td>54</td>
</tr>
<tr>
<td>Chick-peas</td>
<td>390</td>
<td>49</td>
</tr>
<tr>
<td>Seeds and beans</td>
<td>183</td>
<td>97</td>
</tr>
<tr>
<td>Eggs</td>
<td>2,144</td>
<td>700</td>
</tr>
<tr>
<td>Miscellaneous imports</td>
<td>948</td>
<td>64</td>
</tr>
<tr>
<td>Total</td>
<td>4,488</td>
<td>2,664</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stones, earths, minerals, etc. (bricks, 898; tiles, 209)</td>
<td>1,771</td>
</tr>
<tr>
<td>Metals and manufactures of</td>
<td>60</td>
</tr>
<tr>
<td>Materials used in agriculture, pharmacy, perfumery, and chemical industries</td>
<td>164</td>
</tr>
<tr>
<td>Cotton and manufactures of (cotton piece goods, 294)</td>
<td>342</td>
</tr>
<tr>
<td>Hemp, flax, and jute, and manufactures of</td>
<td>34</td>
</tr>
<tr>
<td>Wood and manufactures of</td>
<td>173</td>
</tr>
<tr>
<td>Silk and manufactures of</td>
<td></td>
</tr>
<tr>
<td>Wood and other vegetable materials used in industry, and manufactures of (furniture, 306)</td>
<td>429</td>
</tr>
<tr>
<td>Animals and animal products used in agriculture and industry</td>
<td>349</td>
</tr>
<tr>
<td>Instruments and machinery</td>
<td>58</td>
</tr>
<tr>
<td>Articles of food (potatoes, 416; olive oil, 548; wines, 2,111)</td>
<td>4,228</td>
</tr>
<tr>
<td>Miscellaneous exports (sandals (alpargatas), 245)</td>
<td>930</td>
</tr>
<tr>
<td>Total</td>
<td>8,759</td>
</tr>
</tbody>
</table>

76 Board of Trade Journal, July 26, 1917.
77 Estadisticas General del Comercio Exterior de Espana, 1913 and 1914.
THE TARIFF SYSTEM OF MOROCCO.

The French and Spanish zones of Morocco have the same tariff system, both because the tariff—at least the maximum duties leviable—is limited by treaty and because the French and Spanish have agreed upon uniformity of duties in the two zones. The French zone in Morocco is vastly more important commercially than the Spanish, and the tariff system has been treated fully in the account of the French colonial tariffs (pp. 204–214). A brief summary will suffice at this point.

Import duties.—In numerous treaties the Moroccan Government pledged itself to levy upon imports no more than 10 per cent ad valorem. To this, the conference of Algeciras added 2½ per cent for the construction of public works. Wines, distilled liquors, silks, and jewelry pay only 5 per cent, plus the 2½ per cent. Agricultural machinery and fertilizers enter free, and there are various prohibitions upon importation—tobacco, powder, opium, etc. These treaty rates apparently never applied to imports overland from Algeria, and by the Spanish-Moroccan accord of November 17, 1910, the Moroccan customhouse just beyond the Spanish port of Melilla, levies no higher duties than those of the Algerian frontier. On these two frontiers the import rate is 5 per cent ad valorem, except that about 30 articles are dutiable at specific rates.

Export duties.—The export duties of Morocco fall on all exports of any importance, and are set forth in a long schedule composed chiefly of specific rates. The ad valorem rates are generally 5 or 8 per cent. At the land frontier of Algeria and Melilla the rate is 5 per cent except for a few specific duties.

PREFERENCES IN SPAIN TO PRODUCTS OF THE SPANISH ZONE.

No tariff preference was granted in Spain to products of the Spanish zone in Morocco, until the royal decree of July 23, 1918. By this decree the advantages previously granted to the free ports and other possessions in Africa were extended to the Spanish zone—i. e., products of the zone in so far as they are listed in "Disposition VIII" of the tariff now enter free if imported directly in Spanish vessels. In extending this provision to the Spanish zone, a limitation was imposed upon the quantity of wool in the grease which might be imported free each year. This amount was fixed at 150,000 kilograms from the zone and the Spanish possessions, and the executive was given power to modify this figure whenever the statistics show that the production is approaching the limit set. Later in the same year fresh and dry fruits were added to the list.

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[See also general works listed on p. 835 and the texts of treaties listed on p. 834.]


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18 Treaty of Nov. 27, 1912, arts. 13 and 19.
19 See p. 210 fn.
21 Gaceta de Madrid, July 25, 1913.
22 Gaceta de Madrid, Oct. 31, 1913.


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Chapter XI.

COLONIAL TARIFF POLICY OF THE UNITED STATES.

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1. Introduction: The Colonies of the United States.

Until comparatively recently, the territorial acquisitions of the United States consisted wholly of land adjacent to the territory already forming part of the United States, unoccupied or sparsely inhabited, but suitable for extensive settlement by people of European origin. To such territories were given forms of government essentially colonial in character, but designed to be temporary only, and to permit of and promote the eventual assimilation of these territories into the Union as sovereign States as soon as they had attained a sufficient degree of development. Later, especially during and after the Spanish-American War, the United States acquired noncontiguous territories already densely populated in the main by non-European races possessing organized government, and not so suitable for extensive settlement by European peoples. Such territories were also given forms of government essentially colonial in character. Although these territories are frequently spoken of as "colonies" both by Americans and by foreigners, the nomenclature developed during the days of the extension of the boundaries of the continental United States to adjacent undeveloped territory was applied also to them, and official usage uniformly refrains from referring to them as colonies.

The task of deciding, even in the nontechnical way permissible and adopted in this report, which of the territories under American control are in effect colonies, and which are not, presents considerable difficulty. Merely for purposes of convenience, this report will exclude from consideration Alaska and Hawaii, and include the Philippines, Porto Rico, American Samoa, Guam, the Canal Zone, and the Virgin Islands.

In addition to the territories named above, the United States exercises sovereignty over Wake Island, Midway Island, Howland and Baker Islands, and the Guano Islands scattered over the North Pacific, "but these are either totally or practically uninhabited, and no provisions has been made for their government." 3

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1 Except Alaska.
2 The Isle of Pines, situated in the Caribbean, off the southwestern coast of Cuba, and ceded by Spain in the treaty of Paris of 1898, is sometimes classed as a possession of the United States. Whether Spain relinquished it to the United States or to Cuba has never been determined. Under United States judicial decisions the Isle of Pines must be regarded as at least de facto under the jurisdiction of the Republic of Cuba, and hence as a "foreign country" within the meaning of tariff legislation, since the United States has never taken possession of this island as included in the territory ceded by Spain to the United States in the treaty of Paris, but instead, through its legislative and executive departments, has recognized the Cuban Government as rightfully exercising sovereignty over the island as a de facto government until its de jure status shall be determined. (Peary v. Stranahan, 205 U. S. 257 [1907].)
Of the territories here classed for convenience as colonies, Porto Rico in its relations to the United States resembles most closely Alaska and Hawaii. The last two, however, have been constituted organized Territories of the United States, whereas Porto Rico has not. Both Alaska and Hawaii are customs districts of the United States, subject in every respect to the customs legislation enacted for the country itself, with no separate taxes except for local purposes. Porto Rico, while it is also a customs district, differs from them as to tariff regulations in several salient particulars: It has free trade, but not customs union, with the United States; it keeps the customs revenues collected at its ports; it receives back from the United States the internal-revenue taxes collected on its products imported into the United States; until 1909 its import duties were in several respects not identical with the tariff on imports into the United States.

None of the United States colonies just mentioned was acquired before 1898. In that year Spain ceded to the United States the Philippine Archipelago, Porto Rico, and the island of Guam in the Ladrones. Sovereignty over American Samoa by the United States was agreed to in the tripartite treaty signed by the United States, Great Britain, and Germany, on December 2, 1899, whereby the Samoan Islands were divided between the United States and Germany. The Canal Zone was transferred to the United States "for use in perpetuity" by the convention with the Republic of Panama, signed November 13, 1903. The West Indian islands formerly owned by Denmark, namely, St. Thomas, St. Croix, and St. John, were acquired by the United States from Denmark by purchase by the treaty signed August 4, 1916.

**AREA AND POPULATION.**

The following table presents the latest available statistics of the area and population of the noncontiguous territory of the United States:

**Table 1.—Area and population of the United States and noncontiguous territories.**

<table>
<thead>
<tr>
<th>Territory</th>
<th>Area</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><em>sq. miles</em></td>
<td>Year</td>
</tr>
<tr>
<td>Continental United States</td>
<td>3,025,789</td>
<td>1920</td>
</tr>
<tr>
<td>Alaska</td>
<td>3,025,789</td>
<td>1920</td>
</tr>
<tr>
<td>Hawaii</td>
<td>590,884</td>
<td>1920</td>
</tr>
<tr>
<td>Total United States</td>
<td>3,624,122</td>
<td>1920</td>
</tr>
<tr>
<td>Philippines</td>
<td>113,035</td>
<td>1918</td>
</tr>
<tr>
<td>Porto Rico</td>
<td>3,465</td>
<td>1920</td>
</tr>
<tr>
<td>Guam</td>
<td>210</td>
<td>1920</td>
</tr>
<tr>
<td>American Samoa</td>
<td>77</td>
<td>1920</td>
</tr>
<tr>
<td>Canal Zone</td>
<td>426</td>
<td>1920</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>149</td>
<td>1917</td>
</tr>
<tr>
<td>Total colonies</td>
<td>119,333</td>
<td>1920</td>
</tr>
<tr>
<td>Grand total</td>
<td>3,743,455</td>
<td>1920</td>
</tr>
</tbody>
</table>

* Except Wake, Midway, Howland, Baker, and Guano Islands, which, because of their lack of importance, receive no attention in this report, and of Pago Pago in Samoa, ceded to the United States in 1878.

* The United States purchased the islands for $90,000,000.

* The harbor of Pago Pago on the island of Tutuila had been ceded to the United States as a naval and coaling station by the treaty with the Government of the Samoan Islands, signed January 17, 1878, but no naval station was established there during the following 20 years.
COMMERCE.

Table 2 gives a general view of the distribution of trade of the colonies with the United States and with foreign countries for the years 1900, 1913, and 1919. For the last-named year imports into Porto Rico from foreign countries were valued at only 7 per cent of the total as compared with 37 per cent in 1900. The increase in the total volume of trade for all the colonies is even more striking. The exports show a difference between $24,000,000 for 1900 and $202,000,000 for 1919, those of the Philippines alone increasing from 19 to 113 million dollars in value, and those of Porto Rico from 4 million to 89 million.

Table 2.—Distribution of trade of United States colonies, 1900, 1913, and 1919.

<table>
<thead>
<tr>
<th>Colony</th>
<th>Fiscal year</th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>From United States.</td>
<td>From foreign countries.</td>
</tr>
<tr>
<td>Philippine Islands</td>
<td>1900</td>
<td>$20,602</td>
<td>81,658</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>56,327</td>
<td>23,387</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>83,624</td>
<td>31,949</td>
</tr>
<tr>
<td>Porto Rico</td>
<td>1900</td>
<td>5,251</td>
<td>1,965</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>36,980</td>
<td>23,155</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>73,061</td>
<td>67,000</td>
</tr>
<tr>
<td>Guam</td>
<td>1900</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>160</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>477</td>
<td>314</td>
</tr>
<tr>
<td>American Samoa</td>
<td>1902</td>
<td>117</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>133</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>160</td>
<td>103</td>
</tr>
<tr>
<td>Total of all colonies</td>
<td>1900</td>
<td>25,971</td>
<td>4,969</td>
</tr>
<tr>
<td></td>
<td>1913</td>
<td>93,320</td>
<td>38,641</td>
</tr>
<tr>
<td></td>
<td>1919</td>
<td>127,317</td>
<td>100,166</td>
</tr>
</tbody>
</table>

1 Calendar year.
2 First year given.
3 Exclusive of the Virgin Islands, for which available figures are incomplete.

II. GOVERNMENT AND MAKING OF TARIFFS.

GOVERNMENT.

The Philippines and Porto Rico have local legislatures, empowered to enact laws dealing with local matters, including taxation and revenue. Executive power is in the hands of governors who are appointed by the President and who have partial veto power over legislation. Veto power is also exercised by the President of the United States or by Congress, and Congress has surrendered none of its authority to legislate for the possessions of the United States. 

1 See next subheading for further detail.
The authority of the Philippine Legislature rests on the act of Congress of August 29, 1916, which restricts its power to enact financial and fiscal legislation by the following provisions: That the bonded indebtedness shall not exceed $15,000,000 in addition to debt incurred in the purchase of church lands; that no export duties shall be levied; that the trade relations of the United States and the Philippines shall continue to be governed exclusively by laws of the United States Congress; and that amendments to the Philippine tariff shall not become operative until approved by the President. Congress has also enacted legislation applying to the Philippines in a number of instances, and such legislation supersedes any conflicting Philippine legislation. With these limitations the Philippine tariff upon foreign goods is now made wholly by the local authorities.

In Porto Rico the authority of the legislature is derived from the act of Congress of March 2, 1917. This act grants the legislature all local legislative power, subject, however, to important reservations, especially with reference to tariff matters. Thus export duties are specifically prohibited; import duties are not named in the list of taxes which the legislature is authorized to levy; bonded indebtedness is limited to a maximum of seven per cent of the assessed value of property; the provisions relating to the tariff in the act of Congress of April 12, 1900, and all other United States laws applicable to Porto Rico not inconsistent with the provisions of the act under discussion, are continued in effect.

The other colonial territories enjoy no independent civil government. Guam, American Samoa, and the Virgin Islands are governed by naval officers who report solely to the Navy Department. The government of the Panama Canal Zone was placed by the President, under authority of the act of August 24, 1912, in the hands of a governor appointed by the President and reporting to him.

**MAKING OF TARIFFS.**

The act of August 29, 1916, empowers the Philippine Legislature, among other things, to enact fiscal legislation for local purposes, but subject to the provisions that the trade relations of the United States and the Philippines shall continue to be governed exclusively by laws of the United States Congress, and that amendments to the Philippine tariff shall not become operative until approved by the President, and subject also to the general veto power of the governor appointed by the President and to the higher legislative power of the United States Congress. The tariff at present in force on imports into the Philippines was drawn up in 1909 by the Philippine Commission, and, revised and enacted by Congress, it continues with practically no change to the present time.

Export duties were levied in the Philippines by the acts of the Philippine government and of Congress, until they were repealed by the act of Congress of October 3, 1913. The act of August 29, 1916, moreover, stipulates that no export taxes shall be levied by the Philippine Legislature.

In Porto Rico the general United States tariff acts of 1909 and 1913 were made to apply in their entirety. The act of March 2, 1917, on which the legislative authority of Porto Rico rests, not only con-
tinued in effect the provisions of the act of Congress of April 12, 1900, which dealt with the customs duties on imports into Porto Rico, but specifically withholds from the Porto Rican Legislature the authority to levy export duties. Congress accordingly retains complete control over the customs of Porto Rico.

For Guam and American Samoa, legislative authority with regard to all tariffs has been exercised solely by the naval governors of the islands, subject to the approval of the Navy Department, and Congress has never enacted any tariff legislation for them. In the case of American Samoa, article 3 of the treaty between the United States, Great Britain, and Germany, signed December 2, 1899, which provides for equal treatment of the commerce and shipping of the signatory powers in the Samoan Islands, restricts the power, however, of the naval governor to establish discriminatory duties.

In the Canal Zone all legislative authority, including the power to levy taxes, is vested in the governor. His power over import duties was, however, restricted within narrow limits by the treaty of November 19, 1903, with the Republic of Panama, and was completely nullified in consequence of the executive agreement with the Republic of Panama of December 3, 1904.

As for the Virgin Islands, the act of March 3, 1917, providing for their government, reserves to Congress all authority over tax legislation by stipulating for the free admission of American products, for an increase in the export tax on sugar, and, in other particulars, for the continuance of the tax laws then in force in the islands until otherwise provided by Congress.

III. Colonial Tariff Policy and System—Summary.

TREATY PROVISIONS BEARING ON THE COLONIAL TARIFF POLICY OF THE UNITED STATES.

As far as agreements with foreign countries are concerned, only four treaties have had bearing on the tariff relations of the United States with its colonies; the treaty of peace with Spain of December 10, 1898, the convention signed December 2, 1899, between the United States, Germany, and Great Britain, dealing with Samoa, the treaty of 1903 and the Executive agreement of 1904 with the Republic of Panama, dealing with the question of customs taxation in the Canal Zone.

First. By the treaty of Paris signed December 10, 1898, the United States was, for 10 years, to "admit Spanish ships and merchandise to the ports of the Philippine Islands on the same terms as ships and merchandise of the United States."

Second. The convention of December 2, 1899, between the United States, Germany, and Great Britain, for the partition of the Samoan Islands between the United States and Germany, provides in article 3 for equal commercial and shipping advantages in the Samoan Islands for the signatory powers, and contains no provision for the termination of the agreement. Article 288 of the treaty of peace with

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9 The governor's power includes that of levying export duties, but none have been levied.
Germany signed June 28, 1919, stipulates that the special rights and privileges granted to Germany by article 3 of the convention of 1899 shall be considered to have terminated on August 4, 1914. The treaty continues in effect, however, in so far as the United States and Great Britain are concerned.

Third. Article 13 of the treaty signed November 18, 1903, with the Republic of Panama, authorized the United States to import into Panama free of all customs or other charges, materials and equipment of all kinds for the construction of the canal and all provisions, medicines, clothing, supplies, and other things "necessary and convenient" for the officers and employees of the United States and their families.

Fourth. When later the Canal Zone government attempted to collect duties on imports from foreign countries of articles other than those specified in article 13 of the treaty of 1903, the Republic of Panama protested the authority of the United States officials to levy import taxes in the Canal Zone. The controversy was settled by an Executive agreement of 1904 with the Republic of Panama, according to which the Canal Commission may not levy duties, tolls, or fees upon imports. The agreement was confirmed by Executive order of the President of the United States of December 3, 1904, and, with an unimportant proviso, continues in effect.

The agreement of 1904, together with the treaty of 1903 resulted in the preferential admission, free from the duties imposed by Panama of articles imported by the American officials for the use of officials, employees, and their families, and of coal and fuel oil for passing ships. The preferences so established are peculiar, however, in two respects: the nationality of the goods so admitted does not affect their right to free admission, and the preferential character of the free admission is the result of the imposition of duties on other imports by the Republic of Panama and not by the American authorities.

THE INSULAR CASES.

Soon after the acquisition of the Philippines and Porto Rico the tariff relations between the new possessions and the United States became the subject of serious controversy. The first important question, settled in 1901, was whether imports from the colonies were, under the terms of the tariff act of 1897, dutiable as coming from a foreign country. The Supreme Court decided that the colonies are not "foreign" territory. Accordingly, when Congress imposed special duties on imports from these Territories, the measure was challenged as a violation of the clause in the Constitution providing for uniformity in all imposts, duties, and excises throughout the United States. In the test case of Downs v. Bidwell, by a decision of five to four, the court declared that since, under the intent of the

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10 But not ratified by the United States.
11 Article 3 is as follows: "It is understood and agreed that each of the three Signatory Powers shall continue to enjoy, in respect to their commerce and commercial vessels, in all the islands of the Samoa group privileges and conditions equal to those enjoyed by the Sovereign Power, in all ports which may be open to the commerce of either of them."
13 De Lima v. Bidwell, 187 U. S. 214; Fourteen Diamond Rings, 133 U. S. 175. It follows from the judicial decisions and legislation in force that the expression "imports from the colonies" is not technically correct and the use of the terms import, export and reexport should be confined to discussions of trade with foreign countries. But in this study the convenience of the ordinary uses has been preferred to the circumlocution required by strict accuracy and found for instance in the section of the tariff law defining relations with the Philippine Islands.
Constitution, the colonies were "unincorporated," territory, "appurtenant to" the United States, the clause regarding uniformity of duties does not apply to them. Congress, therefore, has the power to draw up distinct tariff schedules for the colonies, and to impose duties on their products entering the United States.

**AMERICAN COLONIAL TARIFF POLICY.**

Formal definition of the United States policy regarding colonial tariff relations has never been formulated. But examination of the tariff relations of the United States with its colonies and territories discloses the fact that assimilation of tariffs has been established wherever the obstacles are not great and that where obstacles, temporary or permanent, exist, assimilation is carried as far as possible. This generalization remains true, even though only in the cases of Hawaii and Alaska, which are not here classed as colonies, and of Porto Rico, has complete assimilation of tariffs been actually effected.

The obstacles just mentioned are of two kinds: First, treaty obligations for the open door as in American Samoa, or conventional restrictions on the legislative authority of the United States to tax imports into its possessions, as in the Panama Canal Zone; and second, the inexpediency of burdening the consumers in a possession with the relatively high duties of the United States tariff, devised to protect American producers against foreign competition, and constructed without special consideration of colonial interests. These, it is to be noted, are obstacles in the way of the general establishment of the same duties on foreign goods imported into the colonies as are levied on similar goods imported into the United States. The larger colonies acquired by the United States as an incident of the war with Spain are important sugar-producing countries, and the Philippines and Porto Rico are important producers of tobacco also. The opposition of the domestic producers of these products was a substantial factor contributing to prevent the free admission of colonial products into the United States, but later the natural desire to strengthen the commercial relations with the newly acquired territories, and the obvious injustice of a system which would establish the preferential free admission of American products into the colonies, but would not grant in return the free admission of colonial products into the United States, led to the establishment either of tariff assimilation or of reciprocal free trade in every case in which American products were given free admission.

It is now the uniform practice of the United States to admit the products of its colonies and possessions into the United States free of duty, even where a treaty obligation prevents the preferential free admission of American products into the colony. The Canal Zone now stands out as the sole exception to this rule, and in the case of products of the Canal Zone, the imposition of duties upon their importation into the United States, although originally determined by specific congressional legislation, now rests upon an opinion of the Attorney General that the Canal Zone is not a "possession of the

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14 I. e., as distinguished from the territory "incorporated" in the Union, the inhabitants of which have a different status, politically, from those in the unincorporated territories. See Willoughby, W. W., On the Constitution, vol. 1, 406 ff.
United States" within the meaning of the tariff act of 1909. The free importation of all products of Samoa and Guam would, however, be left to the discretion of the President, by the enactment without amendment of Title IV, section 401 (p) of the general tariff bill of 1921 (H. R. 7456), which reads as follows:

The term "United States" means the United States and any territory, or other places subject to the jurisdiction thereof, except the Philippine Islands, the Virgin Islands, the Islands of Guam and Tutuila (American Samoa), and the Panama Canal Zone, which for the purposes of this act, except as otherwise provided by law, or as ordered by the President, shall be treated as foreign countries.

This provision formed part of the administrative code proposed by the Tariff Commission in 1918, and was expected to pass as a separate act. In the absence of further legislation or an order by the President, this provision of Title IV would give the general tariff act an effect not contemplated unless the word *title* be substituted for the word *act* in the phrase "for the purposes of this act"—a substitution which the Tariff Commission has recommended.

**TARIFF SYSTEM.**

**IMPORT DUTIES IN THE COLONIES.**

American products are admitted free of duty into the Philippines, Porto Rico, Guam, and the Virgin Islands. Foreign products imported into Porto Rico pay the rates of the regular United States tariff, while the other Territories just mentioned have their own individual schedules of duties for foreign goods. In American Samoa all imports pay uniform rates regardless of their origin.

**EXPORT DUTIES IN THE COLONIES.**

Export duties, which are prohibited in the United States by the Constitution, are prohibited in the Philippines by the act of Congress of August 29, 1916, and in Porto Rico by the act of April 12, 1900. Likewise, no export duties are levied in Guam, American Samoa, and the Canal Zone. Only in the Virgin Islands, of all the possessions of the United States, does an export duty prevail—on sugar, cotton, sirup, rum, and cotton seed in St. Croix, and on sugar, rum and molasses in St. Thomas and St. John, levied alike on exports to the United States and to foreign countries.

**INTERNAL-REVENUE TAXES.**

All of the colonies have systems of internal taxation separate and distinct from the American system. But in the trade between the United States, the Philippines, Porto Rico, and the Virgin Islands, internal-revenue taxes are levied only in the country of destination. The internal revenue taxes in the United States on the products of the Philippines, Porto Rico, and the Virgin Islands imported into and consumed in the United States are turned over to the treasuries of the respective colonies.

There are no provisions for the exemption from internal revenue taxation in either country of the products passing between the United

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15 Article 1, sec. 10, par. 2: No State shall, without the consent of Congress, lay any impost or duties on imports or exports except what may be absolutely necessary for executing its inspection laws: * * * and all such laws shall be subject to the revision and control of Congress.

Article 1, sec. 9, par. 5 (limitations upon the power of Congress): No tax or duty shall be laid on articles exported from any State.
States and Guam, American Samoa, and the Canal Zone, and the proceeds of such taxes accrue to the treasury of the country or colony in which they are levied.

TREATMENT OF SHIPMENTS TO THE UNITED STATES FROM THE COLONIES.

Products of any of the Territories or possessions of the United States are admitted into the United States free of duty, with the exception of imports from the Canal Zone, which by the act of March 3, 1905, and according to a subsequent opinion of the Attorney General, are subject to the same rates as imports from foreign countries.

PROVISIONS WITH RESPECT TO COASTWISE TRADE.

The provisions of American shipping laws which restrict the coastwise trade are now applicable to Porto Rico, but not to the other colonies. The act of Congress of July 5, 1920, provides, however, for the application of these laws from and after February 1, 1922, to the island Territories controlled by the United States not now covered thereby, and provides for the further postponement of the application of these laws to the Philippines, at the discretion of the President, until adequate shipping facilities under the American flag have been established.

IV. TARIFFS OF THE COLONIES INDIVIDUALLY.

THE PHILIPPINES.

AREA AND POPULATION.

The Philippine Archipelago, extending in a chain 1,100 miles from north to south, parallel to and 500 miles southeast of Asia, consists of approximately 3,140 islands, of which 2,775 are less than 1 square mile in area. The total area of the islands is approximately 115,026 square miles, of which the 11 largest islands represent 90 per cent.\[^{16}\]

The population, according to the census of December 31, 1918, is 10,351,000,\[^{17}\] of whom 855,000\[^{17}\] are classed as "non-Christians."\[^{18}\]

The total includes 45,000 Chinese, 6,700 Japanese, 6,400 Americans, 4,000 Spanish, and 1,100 British. In 1903 42.6 per cent of the population were classified as Visayans, 19.3 per cent as Tagalogs, and 10.6 per cent as Ilocanos, the remainder being either foreign-born or scattered among a host of other tribes.

COMMERCIAL IMPORTANCE.

Commercially by far the most important of the possessions controlled by the United States, the Philippines are distinguished chiefly for their agricultural resources. The rich tropical soil yields principally coconuts (marketed as copra and coconut oil), manila

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\[^{16}\] The islands are mainly of volcanic origin, and all of them are mountainous in the interior. The whole of the archipelago is periodically disturbed by hurricanes which cause great devastation. Earthquakes are also frequent. (U. S. Dept. of Commerce and Labor, Bureau of Foreign and Domestic Commerce, Special Agents Series, No. 67, p. 78.)

\[^{17}\] Preliminary figures from the report of the Governor General, 1919, p. 19.

\[^{18}\] Those classed as "non-Christians" in 1918 were classed in 1903 as "wild and uncivilized," although they were not without some knowledge of the domestic arts.
fibre (abaca), sugar, and tobacco. In manufactures, textiles, women's hand-made and hand-embroidered wearing apparel, and embroideries are produced in considerable quantities. The chief imports, in the order of their importance, are cotton goods, iron and steel products, meat and dairy products, rice, wheat flour, coal, illuminating oil, leather goods, and automobiles.

Table 3 exhibits the values of the principal exports and of total exports by principal countries for the calendar years 1913, 1918, and 1919.

Table 3.—Total exports by country of destination and principal articles exported from the Philippine Islands, 1913, 1918, and 1919.  

(a) TOTAL EXPORTS.

<table>
<thead>
<tr>
<th>Country of destination</th>
<th>1913</th>
<th>1918</th>
<th>1919</th>
<th>1913</th>
<th>1918</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>16,434</td>
<td>9,069</td>
<td>5,483</td>
<td>3,925</td>
<td>3,179</td>
<td>2,453</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>9,069</td>
<td>19,482</td>
<td>16,015</td>
<td>19.0</td>
<td>14.4</td>
<td>14.2</td>
</tr>
<tr>
<td>France</td>
<td>5,483</td>
<td>1,242</td>
<td>4,136</td>
<td>11.5</td>
<td>9.9</td>
<td>3.6</td>
</tr>
<tr>
<td>Japan</td>
<td>3,925</td>
<td>7,968</td>
<td>7,035</td>
<td>8.2</td>
<td>5.9</td>
<td>6.2</td>
</tr>
<tr>
<td>Hongkong</td>
<td>3,179</td>
<td>5,068</td>
<td>7,198</td>
<td>6.7</td>
<td>3.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Spain</td>
<td>2,433</td>
<td>3,463</td>
<td>3,928</td>
<td>5.1</td>
<td>2.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Germany</td>
<td>1,712</td>
<td>3,239</td>
<td>3,757</td>
<td>3.5</td>
<td>2.4</td>
<td>3.3</td>
</tr>
<tr>
<td>China</td>
<td>1,646</td>
<td>2,121</td>
<td>2,603</td>
<td>8.0</td>
<td>4.2</td>
<td>12.7</td>
</tr>
<tr>
<td>All other countries</td>
<td>3,842</td>
<td>5,635</td>
<td>14,378</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>47,773</td>
<td>135,194</td>
<td>113,118</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(b) PRINCIPAL EXPORTS.

<table>
<thead>
<tr>
<th>Article</th>
<th>1913</th>
<th>1918</th>
<th>1919</th>
<th>1913</th>
<th>1918</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manila</td>
<td>21,121</td>
<td>58,192</td>
<td>26,832</td>
<td>44.2</td>
<td>43.0</td>
<td>23.7</td>
</tr>
<tr>
<td>Cigars</td>
<td>9,069</td>
<td>5,189</td>
<td>4,420</td>
<td>20.0</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Coconut oil</td>
<td>1,146</td>
<td>31,664</td>
<td>36,860</td>
<td>2.4</td>
<td>23.4</td>
<td>32.6</td>
</tr>
<tr>
<td>Sugar</td>
<td>7,033</td>
<td>13,804</td>
<td>15,208</td>
<td>14.7</td>
<td>11.7</td>
<td>13.4</td>
</tr>
<tr>
<td>Cigars</td>
<td>5,012</td>
<td>7,123</td>
<td>9,072</td>
<td>6.3</td>
<td>5.3</td>
<td>8.0</td>
</tr>
<tr>
<td>Cigarettes and other tobacco</td>
<td>1,955</td>
<td>6,450</td>
<td>6,616</td>
<td>4.1</td>
<td>4.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Maguey</td>
<td>591</td>
<td>1,868</td>
<td>1,252</td>
<td>1.2</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Embroideries</td>
<td>176</td>
<td>2,186</td>
<td>3,457</td>
<td>4.4</td>
<td>1.6</td>
<td>3.1</td>
</tr>
<tr>
<td>All other</td>
<td>3,193</td>
<td>6,722</td>
<td>6,074</td>
<td>6.7</td>
<td>3.0</td>
<td>8.3</td>
</tr>
<tr>
<td>Total</td>
<td>47,773</td>
<td>135,194</td>
<td>113,118</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1 Report of collector of insular customs, 1919.
2 The abaca fiber (Musa textilis) is frequently but incorrectly called hemp (Cannabis sativa). Abaca belongs to the banana family and has no relation to the hemp family. Manila is a hard fiber, obtained mechanically by scraping or decorticating the leaf of the plant; hemp is a soft fiber obtained by the rotting or retting of the stalk of the plant.
Table 4 exhibits the values of the principal imports and of the total imports by principal countries for the calendar years 1913, 1918, and 1919:

Table 4.—Total imports by country of origin and principal articles imported into the Philippine Islands, 1913, 1918, 1919.

### (a) TOTAL IMPORTS.

<table>
<thead>
<tr>
<th>Country of origin</th>
<th>Value in thousands of dollars</th>
<th>Per cent to specified country</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913</td>
<td>1918</td>
</tr>
<tr>
<td>United States</td>
<td>26,676</td>
<td>58,825</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>5,376</td>
<td>2,641</td>
</tr>
<tr>
<td>Japan</td>
<td>3,306</td>
<td>13,104</td>
</tr>
<tr>
<td>Germany</td>
<td>1,888</td>
<td>33</td>
</tr>
<tr>
<td>French East Indies</td>
<td>2,708</td>
<td>6,578</td>
</tr>
<tr>
<td>Australasia</td>
<td>2,678</td>
<td>3,944</td>
</tr>
<tr>
<td>China</td>
<td>2,155</td>
<td>6,577</td>
</tr>
<tr>
<td>France</td>
<td>1,448</td>
<td>807</td>
</tr>
<tr>
<td>Spain</td>
<td>1,259</td>
<td>497</td>
</tr>
<tr>
<td>British East Indies</td>
<td>665</td>
<td>1,940</td>
</tr>
<tr>
<td>All other countries</td>
<td>4,057</td>
<td>3,140</td>
</tr>
<tr>
<td>Total</td>
<td>53,313</td>
<td>98,599</td>
</tr>
</tbody>
</table>

### (b) PRINCIPAL IMPORTS.

<table>
<thead>
<tr>
<th>Article</th>
<th>Value in thousands of dollars</th>
<th>Per cent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton, and manufactures of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iron and steel, and manufactures of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meat products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheat flour</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illuminating oil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other oils</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobiles and parts, including tires</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leather, and manufactures of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Silk, and manufactures of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>53,313</td>
<td>98,599</td>
</tr>
</tbody>
</table>

1 Report of collector of insular customs, 1919.

The statistics in Table 5 indicate the growing share of the United States in the import trade of the Philippines since the acquisition of the islands:

Table 5.—Share of the United States in imports into the Philippine Islands.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total imports (thousands of dollars)</th>
<th>Imports from the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total of.</td>
</tr>
<tr>
<td>1903</td>
<td>15,800</td>
<td>956</td>
</tr>
<tr>
<td>1899</td>
<td>20,233</td>
<td>1,331</td>
</tr>
<tr>
<td>1908</td>
<td>22,188</td>
<td>5,101</td>
</tr>
<tr>
<td>1913</td>
<td>33,313</td>
<td>26,676</td>
</tr>
<tr>
<td>1914</td>
<td>49,312</td>
<td>37,621</td>
</tr>
<tr>
<td>1915</td>
<td>64,792</td>
<td>75,491</td>
</tr>
</tbody>
</table>

2 Report of the Chief of the Bureau of Insular Affairs to the Secretary of War, 1918, p. 7.
3 Philippine Bureau of Customs, Foreign Commerce of the Philippine Islands, 1913 and 1914.
The Philippines were acquired by the United States as a result of the War with Spain which began on April 21, 1898. On August 13, 1898, the city of Manila was occupied by American military forces, and for an interim period the government of the islands was placed in the hands of Army officials, subject to the President acting in his capacity of Commander in Chief of the Army. On December 10, 1898, by the treaty of peace signed with Spain, the islands came under the sovereignty of the United States in return for a payment of $20,000,000. In 1899 President McKinley appointed a commission to investigate and recommend a plan for the civil government of the islands, and on March 16, 1900, there was created the "Second Philippine Commission," a civil body subject to the Secretary of War, and entrusted with the greater part of the powers which had been hitherto exercised by the military commanding officer. Receiving its formal instructions from the President through the Secretary of War on April 7, 1900, the commission formally assumed its legislative functions on September 1st of the same year. 39

This government was still legally a military one, but by the "Spooner amendment" to the Army appropriation act of March 2, 1901, the exercise of military and civil powers in the islands was definitely separated, and the Philippine Commission was made subject to the President in his civil capacity and not in his capacity of Commander in Chief of the Army. On July 2, 1901, the President designated William Howard Taft, chairman of the Philippine Commission, as civil governor of the Philippines, and instructed him to exercise the executive authority in all civil affairs in the government of the Philippines hitherto exercised by the military governor.

The next step was the passing of an organic act by Congress on July 1, 1902, by which the commission form of government was left substantially intact but which made several interesting provisions for the self-government of the islands. It provided, for example, that within two years a general election for the choice of delegates to a popular assembly should be held, and that, after the assembly had convened and was organized, the legislative power of the commission should be transferred to a legislature consisting of the commission as an upper house and the assembly as a lower house.

In conformity with this act, a general election was held on July 30, 1907, on the basis of the census of 1903, and the new Philippine Legislature met for the first time on October 11, 1907. This regime continued without change until the passing of the Philippine government act of August 29, 1916, which is entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more

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39 As an indication of the policy of the United States toward the Philippines the following quotation from the instructions is of interest:

"In all the forms of government and administrative provisions which they are authorized to prescribe, the commission should bear in mind that the government which they are establishing is designed * * * for the happiness, peace, and prosperity of the people of the Philippine Islands, and the measures adopted should be made to conform to their customs, their habits, and even their prejudices, to the fullest extent consistent with the accomplishment of the indispensable requisites of just and effective government."
autonomous government for those islands.\textsuperscript{21} By its provisions the supreme executive power is vested in the Governor General, appointed by the President with the advice and consent of the Senate. An elective legislature consisting of a senate and a house of representatives enact the laws which are reported to the Congress of the United States and which can be annulled by that body. The Governor General has the power of veto, but in case a law is passed upon reconsideration after his veto by a two-thirds majority in each house, and the Governor General still disapproves of it, the measure is referred to the President of the United States, who is possessed of an absolute veto power. Congress also reserves to itself complete power to legislate directly for the Philippines.

Beyond the veto powers described above and limitations intended to secure a bill of rights for the inhabitants of the Philippines, the Philippine Legislature is further limited in its power to enact financial and fiscal legislation by the provisions that no export duties shall be levied; that the trade relations of the United States and the Philippines shall continue to be governed exclusively by laws of the United States Congress; and that amendments to the Philippine tariff shall not become operative until approved by the President.\textsuperscript{22}

\textbf{Finances.}

Coming under the sovereignty of the United States free from debt, the Philippines were allowed from the start to devise their own internal taxation system, with the limitation that taxation must be uniform. The revenue laws of the old Spanish régime were continued in force, with some modifications, however, for about five years after the American occupation, the changes resulting generally in decreases in revenue. During the fiscal year 1896–97, for example, the Spanish had collected 12,000,000 pesos by internal taxation, whereas in 1902–3 internal taxation yielded less than 4,500,000 pesos.\textsuperscript{23}

In 1904 the commission abolished much of what remained of the Spanish tax régime and an internal-revenue law of that year substituted an elaborate system of excise, license, stamp, and business taxes. This was revised in 1914, amended in the next year, and incorporated in the Administrative Code enacted in 1916, which is still in effect.

Moreover, the United States income-tax legislation of 1913 and subsequent years was made applicable to the Philippine Islands, but with the provision that all revenues collected under this legislation in the Philippines should accrue to the insular treasury.

\textsuperscript{21} The preamble, significant as an enunciation of the general policy of the United States toward the Philippines, is as follows:

\textit{"Whereas it was never the intention of the people of the United States in the insinipiency of the War with Spain to make it a war of conquest or for territorial aggrandisement; and

"Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

"Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence."}

\textsuperscript{22} That the bonded indebtedness of the Philippines, in addition to debt incurred in the purchase of church lands, must not exceed $15,000,000, was a further stipulation. An act of July 21, 1921, raised the limit of indebtedness from $15,000,000 to $30,000,000.

The Philippine government act of August 27, 1916, authorizes the legislature of the islands to change in any way all laws relating to revenue and taxation in effect on that date. It specifically authorizes taxes and assessments on property, license fees for franchises and privileges, and internal taxes, direct or indirect. The principal sources of revenue and the chief expenditures in 1919 are shown in Table 6. The item “Licenses and business tax” includes the cedula or poll tax of 1 peso on each male inhabitant over 18 and under 60 years of age, with certain exemptions, and the 1 per cent tax on the gross sales of merchants. The excise taxes fall on goods imported or produced for domestic consumption, namely, liquors, tobacco, cigars and cigarettes, matches, skimmed milk, mineral oils, coal, coke, cinematograph films, and playing cards. The income tax in the Philippine Islands is collected under the laws enacted by Congress, but the revenue is used locally.

Table 6.—Income and expenditures of the Philippine government, 1919.

<table>
<thead>
<tr>
<th>INCOME</th>
<th>Fiscal year 1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from taxation</td>
<td>₱45,229,969.10</td>
</tr>
<tr>
<td>Licenses and business tax</td>
<td>₱17,010,920.10</td>
</tr>
<tr>
<td>Excise tax</td>
<td>₱14,179,448.05</td>
</tr>
<tr>
<td>Import duties</td>
<td>₱10,975,079.57</td>
</tr>
<tr>
<td>Income tax</td>
<td>₱3,405,683.30</td>
</tr>
<tr>
<td>Wharfage tax</td>
<td>₱1,090,972.71</td>
</tr>
<tr>
<td>Documentary tax</td>
<td>₱856,681.76</td>
</tr>
<tr>
<td>Internal revenue apportioned to local governments</td>
<td>₱24a (3,164,083.55)</td>
</tr>
<tr>
<td>Incidental revenue</td>
<td>₱3,706,882.42</td>
</tr>
<tr>
<td>United States internal revenue</td>
<td>₱2,405,167.89</td>
</tr>
<tr>
<td>Revenue from public forests</td>
<td>₱741,661.00</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>₱499,677.58</td>
</tr>
<tr>
<td>Earnings and other credits</td>
<td>₱30,417,127.55</td>
</tr>
<tr>
<td>Operating revenue of commercial and industrial units</td>
<td>₱24,105,230.75</td>
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<tr>
<td>Dividends on bank stock</td>
<td>₱653,242.48</td>
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<tr>
<td>Income incidental to functional activities</td>
<td>₱3,558,837.14</td>
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<tr>
<td>Sales of friar lands real estate</td>
<td>₱904,960.15</td>
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<tr>
<td>Sales of agricultural bank loans</td>
<td>₱542,389.62</td>
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<tr>
<td>All other</td>
<td>₱332,944.13</td>
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<tr>
<td><strong>Total</strong></td>
<td>₱79,686,923.20</td>
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<table>
<thead>
<tr>
<th>EXPENDITURES</th>
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<tr>
<td>Revenue service</td>
<td>₱15,561,797.78</td>
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<tr>
<td>Expense of revenue collection</td>
<td>₱1,516,514.14</td>
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<tr>
<td>Operating expense of commercial and industrial units</td>
<td>₱14,045,283.64</td>
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<tr>
<td>Debt service</td>
<td>₱2,276,517.71</td>
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<tr>
<td>Interest on public debt</td>
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<tr>
<td>Payments to sinking funds</td>
<td>₱916,241.71</td>
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<tr>
<td>General welfare service</td>
<td>₱48,719,621.23</td>
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<tr>
<td>Legislation</td>
<td>₱1,090,669.73</td>
</tr>
<tr>
<td>Executive direction and control</td>
<td>₱1,841,692.75</td>
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<tr>
<td>Adjudication</td>
<td>₱1,849,726.38</td>
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<tr>
<td>National defense</td>
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<tr>
<td>Law and order</td>
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<tr>
<td>Public health</td>
<td>₱3,807,347.06</td>
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<tr>
<td>Public education</td>
<td>₱6,157,531.78</td>
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<tr>
<td>Public corrections</td>
<td>₱1,025,299.83</td>
</tr>
</tbody>
</table>

24 Report of the Governor General, 1919. 24a Item to be deducted.
General welfare service—Continued. 
Public charities................................................. \( P452,699.99 \)
Conservation of natural resources............................. 459,363.73
Development of commerce...................................... 2,773,012.91
Development of agriculture..................................... 2,945,871.27
Philippine publicity........................................... 500,361.12
Development of industrial arts and sciences......... 339,287.60
Other economic development.................................. 3,773,714.60
Aid to local governments...................................... 14,109,628.43

Outlays and investments........................................
Purchase and construction of public works.............. \( P3,507,986.26 \)
Purchase and construction of equipment................ 1,399,791.83
Corporate investments.......................................... 13,846,740.31
Advances to railway companies under guaranty contracts
Extraordinary charges, retirement gratuities, act 2589
All other......................................................... 806,014.27

Total expenditures.............................................. 
Increase in current surplus for the year................. (7,055,666.18)
Add current surplus at the beginning of the year..... 35,598,744.53
Current surplus at the end of the year...................... 28,543,078.35

The provincial and municipal governments share in the proceeds of
the taxes imposed by the central government and also exercise taxing
power under grants of authority from the legislature.

The financial policy of the insular government has generally been
conservative. From 1907 to 1914 there were, with the exception of
one year, annual excesses of expenditure over revenue, but these were
due to increased expenditures for capital improvements, and the
deficits were not large. Since 1914, revenue has exceeded expendi-
ture in each year except 1919. The Philippines have paid their own
way and the United States has had to meet no deficit incurred by the
Philippine government; but in accordance with a provision of the
acts of 1902 and 1916 all internal revenue collected upon products of
the Philippines under the internal-revenue law of the United States
is turned over to the Philippine treasury. For the fiscal years ending
June 30, 1918, 1919, and 1920, the sums of \( $803,900 \), \( $1,120,500 \), and
\( $1,425,300 \), respectively, were turned over.\(^{22}\) The United States also
supports certain military expenditures in the Philippines; and during
the period through which customs duties were collected in the United
States upon products of the Philippines the proceeds of these duties
were turned over to the Philippine treasury.\(^{26}\)

On June 30, 1920, the total bonded indebtedness of the Philippines,
including the bonded indebtedness of the cities of Manila and Cebu,
amounted to only \( $20,125,100 \).\(^{27}\)

It is to be noted that the customs revenue in 1915 provided approxi-
mately 44 per cent of the total revenue and in 1919 only 24 per cent
of the revenue derived from taxation.\(^{28}\) In the years preceding the
enactment of the Colton Act of 1909, which provided for the free

\(^{22}\) Report of United States Commissioner of Internal Revenue, 1919, p. 131; 1920, p. 101. Of articles sub-
ject to internal-revenue taxes, tobacco products alone are imported from the Philippines. The duties are
collected by affixing stamps, which is now done almost exclusively in the Philippines.
\(^{26}\) But see p. 563.
\(^{27}\) Report of the Bureau of Insular Affairs, 1920, p. 21. But since June 30, 1920, the issuance of gold cer-
tificates and bonds for public works considerably increased the debt and brought it nearly to the maxi-

mum permitted by existing legislation, and the maximum was increased as stated in note 22, above.
\(^{28}\) Report of the Governor General of the Philippine Islands, 1919, p. 100.
admission of American products into the Philippines, the customs revenue furnished over 70 per cent of the total revenue.

TARIFF OF THE PHILIPPINES.

HISTORY OF THE PHILIPPINE TARIFF.

The tariff under the Spanish régime.—When the United States assumed control of the Philippine Islands in 1898, the tariff system which Spain had maintained there was not at once swept away, but was modified from time to time, until gradually a new policy was evolved. All preferences to Spanish products were of course eliminated, but in important respects the American program was for a number of years conditioned by the old Spanish customs. It is necessary, therefore, to consider briefly the tariff arrangements which Americans found in the Philippines when they took possession.

The duties assessed at Philippine ports were very complex in nature. The original basic system of specific duties, dating from far back in the nineteenth century, had been modified by a succession of royal decrees. One of these provided that an additional duty of 10 per cent of the old tariff rates should be imposed; another established an additional 2 per cent ad valorem duty, and another provided for a further addition of 8 per cent ad valorem to the duties already current. These ad valorem duties were determined, however, not according to actual values, but according to the "official values," an arbitrary table of values designed for use in Spain and later applied also to the Philippines. These various duties were not consolidated and expressed as a single rate, but were computed separately and then added together in the case of each importation to determine the total duty which should be paid. The purpose of this tariff was the raising of revenue, and the average duty was not exorbitant, but the duties on necessities were generally unduly high, while luxuries were lightly taxed. Such an apportionment was in conformity with Spanish ideas as to the most efficacious means of raising revenue.

Spain enjoyed preferential treatment in the Philippine ports, with additional preferences for imports in Spanish vessels. That is, while the total duties assessed upon foreign goods were in many cases very high, Spanish goods were admitted at a uniform ad valorem rate of 10 per cent. Export duties were levied also on principal articles: For example, 37½ cents per 100 kilos on manila; 5 cents per 100 kilos on sugar; from $1 to $1.50 per 100 kilos on tobacco, raw and manufactured; and similar rates on rice, indigo, and fresh and dried coconuts.

In turn, the products of the islands received preferential treatment in the Spanish market. The Spanish law of 1882 provided that all the products of Cuba, Porto Rico, and the Philippines should be admitted free into Spain except tobacco, rum, sugar, cacao, chocolate, and coffee. All of these except tobacco were given a special preferential rate from Cuba and Porto Rico, and a rate from the Philippines less by four-fifths than the rate from the other two colonies. After

29 The Spanish tariff is described in 57th Cong., 1st sess., S. Doc. No. 134, pp. 63-89.
31 Correspondence on Philippine tariff, 57th Cong., 1st sess., S. Doc. No. 171, pp. 9, 11, 13.
32 The facts pertaining to these preferences are quoted in translation from Alcubilla's Appendix, vol. 9, by W. H. Taft, 59th Cong., 1st sess., S. Doc. No. 277, pp. 1208, 1209.
1892 these articles were admitted free into Spain, but sugars from the colonies were made subject to an internal tax, higher than that paid by the native Spanish products. The manufacture and sale of tobacco was a monopoly of the Spanish Government, which obtained its supply of raw tobacco from Cuba and the Philippines, and the law required that a certain amount of Philippine leaf should be taken annually. 33

The extent of the benefit conferred upon the Philippines by these preferential rates has been a matter of much controversy. Much was said, for instance, by the Philippine Commission and others interested in securing lower rates into the United States for Philippine products, concerning the loss due to American possession, and the consequent cessation of the Spanish preferences. It appears, however, that notwithstanding the preference, Philippine sugar never went in large quantities to Spain. The continent of Europe never took as much as 2 per cent of Philippine sugar, so that in this case there was no market to lose. 34 Spain offered the principal market for Philippine tobacco, both before and after the American occupation, though the exportation to Spain declined somewhat. It does not appear, therefore, that the market was adversely affected to any marked degree by the withdrawal of the preferential rates. 35 It is possible, however, that the increased rates of duty levied by Spain on Philippine tobacco after the loss of the colony may have reduced the price obtained for such tobacco in Spain by the Philippine exporters.

The tariff under the United States military administration.—On July 12, 1898, when it was apparent that Manila would be taken, President McKinley, acting under his war powers, issued directions for the collection of duties in case of the American occupation of the city and the archipelago. As soon as the Americans were in possession the military authorities removed the preference in favor of Spain and simplified the system of computing the duty, introducing on November 10, 1898, a single schedule of duties to replace the complex system of the Spanish tariff. In general, however, the old rates were retained. 36

During the period from the occupation of the islands to 1901 the Philippines were treated as foreign territory in so far as the entrance of their products into the United States was concerned; and the full rates of the Dingley Tariff Act of 1897 were collected on the products of the islands.

Tariff provisions in the treaty of Paris.—In negotiating the treaty of Paris, signed December 10, 1898, the American commissioners agreed to grant Spain equality of import privileges in Philippine ports for 10 years. The commissioners' first statement on this subject was as follows:

And it being the policy of the United States to maintain in the Philippines an open door to the world's commerce, the American commissioners are prepared to insert in the treaty now in contemplation a stipulation to the effect that for a term of years

35 60th Cong., 1st sess., S. Doc. No. 44, pp. 1-16.
36 The rates of the Spanish tariff and those established by the American commission are compared in the Philippine tariff, 57th Cong., 1st sess., S. Doc. No. 134.
Correspondence relating to the Philippine tariff, 57th Cong., 1st sess., S. Doc. No. 171, p. 9.
Spanish ships and merchandise shall be admitted into the ports of the Philippine Islands on the same terms as American ships and merchandise. 57

The Spanish commissioners, undertaking to secure a more explicit statement as to the future American policy, inquired; 58

Is the offer made by the United States to Spain to establish for a certain number of years similar conditions in the ports of the archipelago for vessels and merchandise of both Nations, an offer which is preceded by the assertion that the policy of the United States is to maintain an open door to the world’s commerce, to be taken in the sense that the vessels and goods of other nations are to enjoy or can enjoy the same privilege which for a certain time is granted those of Spain while the United States does not change such policy?

The American commissioners replied. 59

The declaration that the policy of the United States in the Philippines will be that of an open door to the world’s commerce necessarily implies that the offer to place Spanish vessels and merchandise on the same footing as American is not intended to be exclusive. But the offer to give Spain that privilege for a term of years is intended to secure it to her for a certain period by special treaty stipulation whatever might be at any time the general policy of the United States.

Two facts stand out clearly in the congressional discussions of this treaty provision at the time of ratification and in later years:

First. American statesmen did not feel in any way committed to the policy of the open door. Senators Lodge 60 and Newlands 61 did indeed advise such a policy, largely on the ground that the United States had given forceful enunciation to a policy of the open door with regard to the Far East, and that the trade of China was of so much greater importance to the United States than the trade of the Philippines could ever be that it would be well to uphold the open door idea consistently. But in general the open-door principle was ignored, and in the congressional discussions of the treaty it was seldom referred to. On the whole, then, the limitation upon the freedom of action of the United States was regarded as the result of a treaty stipulation, rather than as the expression of a general commercial policy to which the United States was giving adherence.

Second. It is clear from the discussions that it was not considered that the United States was bound by the treaty to grant equal treatment to nations other than Spain. In the committee hearings and the Congressional debates there appears no evidence of a disposition to acknowledge such an obligation on the part of the United States; 62 every suggestion of discrimination in favor of American goods was predicated upon the assumption that such preference would be extended to Spain, but not to other nations. That such suggestions were frequent will be shown later in this report.

The Philippine tariff act of 1901.—From the first the Americans found the old Spanish tariff, as revised by the military administration, unsatisfactory and complaints regarding its operation were constantly reaching the War Department. The chief difficulty seems to have been that the duties on a number of articles, such as canned meat, vegetables and preserves, watches, condensed milk, and cotton goods, generally necessities at least for Europeans, were so high as to be practically prohibitive. This increased the cost of the articles in

58 Ibid., pp. 210, 217.
59 Ibid., p. 218.
61 Senate hearings on Philippine revenue, 53d Cong., 1st sess., S. Doc. No. 277, p. 46.
the Philippines and added to the inconveniences of Americans residing there. More important from a commercial point of view, the high duties checked the sales of American exporters. In a number of instances the Spanish had fixed the duties at a prohibitive level, and then mitigated the effects which might be expected therefrom in the islands by allowing their own products to enter at much lower rates. But now that the preference to Spanish products was removed, there was no relief from the high duties. Furthermore, not only was it desired that Americans, in common with others, should be enabled to trade more freely, but it was the wish of many that a tariff should be devised which would confer special benefits on American interests, and the suggestion was repeatedly made that reductions should be confined principally to goods produced mainly in the United States.

The general desire on the part of resident Americans for a revision of the tariff was expressed in a letter dated April 14, 1900, of Gen. Otis, the military governor, to the War Department, in which he said: 43

I desire to say that a reduction in tariff rates on such products as are extensively imported from the United States would be beneficial to the business interests of the country and to the Philippine people, but those products which Europe produces to a very large extent would reduce our revenue and give no compensating advantages. * * * Foreign merchants here would import in Spanish vessels by way of Barcelona and other ports of Spain. * * * Hence, Europe would reap the advantage of our trade.

In response to the general demand for a revision a commission of Army officers in the Philippines was designated by the War Department on June 19, 1900, to undertake the task. Hearings were held, or attempted, though it seems that the Manila business interests were apathetic. Meanwhile, President McKinley had sent to the islands a civil commission headed by Mr. Taft, and the work begun by the Army officers was turned over to this commission. Late in December, 1900, the commission finished its draft, and, in accordance with its instructions, sent it to the War Department for approval or revision. The War Department printed the proposed tariff and circulated it among the trade papers, chambers of commerce, and manufacturers of the country with a request for criticisms and recommendations.

As finally sent in by the Taft commission the schedules provided for a large number of reductions in duty, especially in the case of necessary food products, tools, machinery, and the like. 44 For example, the duty per 100 kilos was reduced on wheat flour from $1.88 to $0.50; on unhusked rice, from $0.59 to $0.40; on husked rice, from $0.63 to $0.50; on ham, lard, etc., from $9.13 to $1.60; on salted meat, from $4.82 to $0.75; on agricultural machinery, from $1 to $0.25; on printing paper, from $4.30 to $1. On the other hand, the duty on silks was raised 50 per cent, and those on patent-leather shoes, articles of gold or of silver set with stones, and other luxuries were raised considerably. The export taxes of the Spanish tariff were retained and that on raw manila was increased from 37½ cents to 75 cents per 100 kilos on the ground that the Philippines enjoyed natural monopoly in this produce and the increased tax would consequently be paid by foreigners.

43 Correspondence relating to the Philippine tariff, 57th Cong., 1st sess., S. Doc. No. 171, p. 18. The letters published in this volume indicate the nature of the grievances.
44 A comparison with the Spanish tariff was published in 57th Cong., 1st sess., S. Doc. No. 134, pp. 53-69.
The War Department, after hearing from American business interests, recommended a number of changes, most of them of minor significance. Ad valorem rates were substituted in a number of cases for specific; particularly on woolens, silks, and watches, and they were used in other cases to supplement the specific rates. Other administrative changes were made, the most important being the reclassification of cotton goods. This was the largest single item of import, and the changes made here are the most prominent of a number of reclassifications of similar purpose. 45 The tariff as it came from the Philippines provided that in case linen and cotton tissues were weighted with earths and sizing they must be washed and dried before being weighed for the assessment of duty. Concerning this provision the president of the Cincinnati Board of Trade wrote to the War Department: 46

American manufacturers do not size or weight goods, while foreign manufacturers do. Why not assess the goods for duty by weight without any attempt to remove the weighting materials? Eliminate this rule and you are performing an act of justice to American manufacturers of cotton prints.

This suggestion was heeded and the provision was eliminated. It was also alleged that experience with the Cuban tariff proved that the provision assessing cotton tissues, plain and without figure, on the basis of 10 kilos per 100 square meters, operated against American goods. Consequently, following the Cuban experience, a change to 8 kilos was made. The tariff as finally revised was then returned to the Philippines and enacted into law by the commission on September 17, 1901, to take effect November 15, 1901.

This tariff act of 1901 was not originally enacted by Congress, but was proclaimed by the Philippine Commission, advised by and subject to the approval of the Bureau of Insular Affairs of the War Department.

On imports from the Philippines into the United States it is to be noted that the full rates of the Dingley tariff were from the first imposed, but against the strong protest of the Philippine commissioners as well as of Americans engaged in business in Manila. In the case of the Fourteen Diamond Rings, testing the validity of the collection of this duty, the Supreme Court decided that the Philippines by the treaty of Paris ceased to be "foreign" territory and that, therefore, the duties imposed by the Dingley Act upon imports from foreign countries could not be levied upon products of the Philippines entering the United States. But while in the absence of legislation to the contrary the products of the Philippines were entitled to free admission into the United States, the Supreme Court in this and later "insular cases" recognized that Congress possesses full power to regulate the tariff relations with the Philippines.

The tariff act of March 8, 1902.—Three principal reasons induced Congress to take up the matter of the Philippine tariff at once after

45 It has been charged that these reclassifications violated Article IV of the Treaty with Spain. (R. F. Hoxie, American Colonial Policy and the Tariff, Journal of Political Economy, March, 1903, p. 212; H. F. Wills, Our Philippine Problem, p. 274.) But it is clearly incorrect to speak of this legislation as a "violation" of a treaty which in no way restricted the right of the United States to change the classifications of the Philippine tariff. And the most important change—that in the method of determining the dutiable weight of certain textiles—was a removal of a discrimination against American manufacturers and can not fairly be called an evasion of the terms, or be said to conflict with the spirit, of the treaty.

46 57th Cong., 1st sess., S. Doc. No. 134, p. 22. The quotation has been amended by changing "weighing of materials" to "weighting materials."
the decisions in the insular cases had been rendered.\textsuperscript{47} First, both
the Spooner amendment to the Army appropriation act of March 2,
1901, granting the Philippine Commission certain restricted legis-
libative powers, and the Philippine tariff of September 17, 1901,
proclaimed by this commission were in question.\textsuperscript{48} Secondly, im-
ports into the United States from the Philippines were, at least
temporarily, by virtue of the decision of the Supreme Court, ad-
missible free of duty. Thirdly, the decisions of the Supreme Court
rendered it likely, that, if brought to a legal test, American coast-
wise shipping laws, which excluded foreign shipping from American
costwise trade, would be held applicable to commerce between the
Philippines and the United States. Such a decision, on account of
the small number of American ships engaged in Philippine trade,
would drive the commerce of the Islands to foreign countries, whose
vessels could trade between the Philippines and foreign ports, but
not between the Philippines and American ports.

To meet this situation bills introduced by Senator Lodge in the
Senate on December 4, 1901, and by Mr. Payne in the House on
December 10, 1901, proposed that the tariff on imports into the
Philippines in force during the regime of the Philippine Commission,
be reenacted, and that the application of the coastwise shipping law
to the Philippines be suspended until 1904, by which time it was
hoped a sufficient number of American vessels might be available.
The House bill also provided for the enforcement of the full rates of
the Dingley Tariff Act on imports into the United States from the
Philippines. As a compromise between the request of the Philip-
pine Commission to reduce the rates of the Dingley Act by one-half
and the demands of American sugar and tobacco interests, which
expressed alarm at the prospect of competition with the Orient, that
the full rates of the act be retained,\textsuperscript{49} the Senate bill provided that
imports from the Philippines be subject to rates lower by 25 per
cent than the rates of the Dingley Tariff Act, and this change was
acquiesced in by the House. After a long and spirited debate, in
which the minority party in general contended for free trade between
this country and the Philippines, the bill with the provisions just
described became law, on March 8, 1902.

\textbf{Export duties—Remission of duty upon exports to the United States
under the acts of 1902 and 1909.—} The act of March 8, 1902, made no
direct change in the export duties levied in the Philippines, but
provided in effect that in the trade with the United States they should
be superseded by the American import duties.\textsuperscript{50} This result was not
attained by a general exemption from export duties of exports to
the United States, but by two provisions of which one authorized
the subtraction, from the import duties otherwise collectible in the
United States, of any amount already paid as export duty in the
Philippines, and the other provided that articles which were upon

Payne, chairman of Ways and Means Committee, ibid., pp. 328 ff.

\textsuperscript{48} This amendment delegated to the President the power to govern the Philippines in his civil capacity,
not under war authority. Under the power granted to him he accordingly gave instructions to the
Philippine Commission, and Congress, by the organic act for the Philippines of July 1, 1902, formally
approved and ratified the military tariff of 1898 and the tax legislation of the Philippine Commission, thus
giving a legal status to all duties heretofore collected, but with the proviso that the act should not be held
to amend or repeal the act of March 8, 1902, here under discussion.

\textsuperscript{49} The position of these interests is stated fully in the Senate hearings on revenue for the Philippine
Islands, 50th Cong., 1st sess., S. Doc. No. 277.

\textsuperscript{50} I. e., by the duties leviable upon Philippine products, namely, 75 per cent of the ordinary rates.
the American free list should be entirely exempt from any export duties imposed in the Philippines. This latter provision was limited to articles coming direct from the Islands to the United States for use and consumption therein.\(^2\)

The act of 1902, it was thought,\(^3\) would mean no net loss of revenue to the Philippine treasury, for the Islands were to be compensated for the loss of export duties by the provision of section 4, that all duties and internal revenue taxes collected in the United States upon imports from the Philippine Islands, and all tonnage taxes collected upon foreign vessels arriving from the Islands, should constitute a separate fund and be paid into the Philippine treasury.

In the tariff act of September 17, 1901, enacted by the Philippine Commission, the system of export duties contained in the Spanish tariff system had been continued. Exports of manila were dutiable at 75 cents per 100 kilos (220 pounds), indigo at 25 cents, fresh or dried coconuts at 10 cents, sugar at 5 cents, and tobacco at a maximum of $1.50. Of these products, sugar and tobacco were subject to duty upon importation into the United States, so that the Philippine products entering the American market enjoyed a preferential tariff reduction equal to the amount of the Philippine export duty. Of the other articles which paid an export tax in the Philippines, but which were entitled under the Dingley Tariff Act to free admission into the United States, manila was by far the most important. The chief significance of this section of the act lay, therefore, in its exemption of manila exported to the United States from the Philippine export tax of 75 cents per 100 kilos.

The chairman of the Senate Committee on the Philippines, in reporting the bill on January 2, 1902, stated that the object of the provision was to distribute the remitted export tax between the producer and the consumer by increasing the price paid to the producer of manila in the islands and by decreasing the price of raw material to the manufacturer of cordage and the price of his product to the user of cordage in the United States. It was expected that the loss to the Philippine treasury through the exemption of the export tax on manila shipped to the United States would be more than made up by the provision that all duties collected in the United States on imports from the Philippines should be paid into the treasury of the Islands.\(^4\) As a matter of fact, however, according to official figures cited by President Taft, the actual loss to the

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\(^2\) Section 2 of the act, after specifying that products of the Philippines (as distinguished from foreign products imported by way of the Philippines) should pay upon entry to the United States only three-fourths of the ordinary tariff rates, continued: "And provided further, That the rates of duty which are required hereby to be levied, collected, and paid upon products of the Philippine Archipelago coming into the United States shall be less any duty or taxes levied, collected, and paid thereon upon the shipment thereof from the Philippine Archipelago, as provided by the act of the United States Congress referred to in section one of this act, under such rules and regulations as the Secretary of the Treasury may prescribe, but all articles, the growth and product of the Philippine Islands, admitted into the ports of the United States free of duty under the provisions of this Act and coming directly from said islands to the United States for use and consumption therein, shall be hereafter exempt from any export duties imposed in the Philippine Islands."

\(^3\) But see next page.

\(^4\) Export tax on manila hemp, 62d Cong., 3d sess., H. Doc. No. 1401, p. 4 (message from President Taft). Under the act of March 5, 1902, regulations were promulgated requiring that on exportation of manila from the Philippines, whatever its destination, the export duty should be paid, and that on submission of proper evidence within a period of 2 years thereafter that the manila so exported had proceeded direct to the United States and had been consumed by manufacture therein, the amount of the export duty collected should be refunded. Because of these regulations the remission of the export tax became known as a "refund." The United States Navy, which was a regular purchaser of manila, was exempted from this payment.
Philippine treasury through remission of the export duties on manila from 1902 to 1912 amounted to $4,881,542.81, whereas the total amount turned over to the Philippine treasury during the same period from the proceeds of the duties collected in the United States on imports from the Philippines, which were to offset this loss to the Philippine treasury, was only $3,673,957.76; and the following is a typical example of the opposition constantly voiced in the annual reports of the Philippine Commission:

* * * It is a direct burden upon the people of the Philippine Islands, because it takes from the insular treasury export duties collected from the people and gives them to manufacturers of hemp [manila] products in the United States. These manufacturers were already prosperous before this bounty was given them and it seems hardly consistent with our expressions of purpose to build up and develop the Philippine Islands when we are thus enriching a few of our own people at their expense.

At various times this whole question of remission of the tax on manila was vigorously argued. In 1904, when the War Department and the Philippine government were considering a revision of the Philippine tariff, it was decided to recommend, among other changes, the dropping of the provision for this refund, and it was omitted from the draft of the proposed tariff submitted by the War Department. Congress, however, did not approve of this change and the bill as passed contained the provision. In 1909, when the revision of the Philippine tariff was again under consideration, the Philippine government submitted a draft which did not contain this provision. The discussion which followed in the congressional hearings on this subject showed that Congress would not remove the exemption and that the only way in which the Philippine government could avoid this would be by abandoning the export duty altogether. The Philippine government, fearing the loss of revenue which would result, was unwilling to do this, and the Philippine tariff act of 1909 retained this provision. Since it had been pointed out to the Philippine government that it could, if it chose, exempt the producer of manila from the export tax, but that it could not impose that tax on manila shipped direct to the United States for consumption therein, that government ceased to repeat the recommendation which it had made for a number of years for the abolition of the exemption in favor of American manufacturers.

After the enactment of the Philippine tariff act of 1909, the regulations governing the remission of export duty were modified so that instead of requiring the payment of the export tax on manila to be refunded later, a bond was required, which was released on the submission of satisfactory evidence of direct shipment to the United States and manufacture therein within two years.

Finally the United States tariff act of October 3, 1913, repealed the provision for export taxes in the Philippines and the Philippine
government act of 1916 provided that no export taxes should be levied in the Philippines. 61

Drawbacks and exemptions from internal revenue for exports to the Philippines, act of 1902.—The act of March 8, 1902, extended to the trade with the Philippine Islands the benefit of the provisions relating to drawbacks and exemptions upon exports to foreign countries. Section 6 provided in general that articles manufactured in the United States and exported to the Philippines should be subject to no internal-revenue tax, and that if made from dutiable imported raw materials they should receive a drawback of 99 per cent of the duties paid. 62

Section 7 provided for the reexportation from the United States to the Philippines of imported merchandise. Such merchandise, within certain limitations and subject to certain regulations, was allowed reexportation without the payment of duty. 63

These provisions, which remain in force, were at the time of their enactment the logical outcome of a situation in which American products and American merchants did not receive in the Philippines any differential tariff favors but competed with foreigners as in a neutral market.

The Philippine tariff of 1905.—The tariff of 1902 was found burdensome by the residents of the Philippines and by American business men, and strong pressure was exerted from both sides to secure revision. Accordingly the Philippine Commission appointed a committee of public officials and business men to recommend modifications in duties which, without involving drastic change or reduction in revenue, would make the tariff less burdensome. The proposed revision was circulated, as in 1902, among the interests in the United States most closely concerned and their recommendations were generally heeded. In the spring of 1905, after a general election had retained the Republican administration in power, Gov. Taft presented the report to the appropriate committees of both Houses for action, and the bill embodying the proposed revision was favor-
ably reported by the Ways and Means Committee of the House February 13, 1903. In the words of the committee report:54

The general purpose of this bill, as of the former act, is to give the United States such benefits as there are arising from the classification of goods. There is no preference in rates given to goods coming from the United States, for the reason that by the terms of the treaty of Paris Spain would have the right to a similar preference on goods imported from Spain to the Philippine Islands until January, 1909.

The preferential classifications of the previous measure were experimental, and experience had suggested changes. The changes, however, were not decided enough to suit the minority. Said Representative Clark of Missouri.65

As far as the amendments tendered by the minority of the committee are concerned, we simply undertake, as far as we can, without running counter to the provisions of the treaty of Paris, to get our stuff into the Philippine Islands on better terms than other people can, and for that reason we have confined the most of our amendments to things most largely produced in the United States, and produced to the least extent in the foreign countries.

Representative Cooper of Texas, another member of the Ways and Means Committee, said:66

The changes that we [i.e., the Democrats on the committee] will seek to have written in the law are changes which will encourage the importation into the Philippine Islands of the products of the United States, and will raise sufficient money to defray the expense of the government, and will justly discriminate against like products that may go there from Spain.

Amendments were offered by southern Members of the House to provide for free entry of cotton and cotton goods into the Philippines from the United States and Spain, but they were defeated by a narrow margin. In their support Mr. Webb of North Carolina said.67

We control the Philippines. They are our territory. We are now legislating for them. Why not let this great American staple go in there free? It is about the only crumb we can throw to the southern cotton grower who bears many tariff burdens now, and I insist that this House should adopt that amendment and give the product of their sweat an open market.

In addition to the reclassification certain other changes were made. The schedule of duties was revised. Ad valorem duties were substituted for specific on certain articles, in order to eliminate excessive duties on inferior grades. The duty on manufactured tobacco which had been found to be prohibitive was decreased one-half. The rates were lowered also on mirrors, porcelain, silverware, wood and lumber, furniture, and other articles on which the old duties had been found burdensome, or not productive of revenue. The duty on machinery was reduced from 20 to 5 per cent ad valorem. The rates averaged about 20 per cent. To avoid the possibility that the people might suffer through a poor crop of rice, the Philippine Commission was given the power to suspend at their discretion the duty on rice. The act removed the export duty upon rice; otherwise the export schedule remained unchanged.

The act of February 26, 1906.—In the Philippine tariff bill of March 3, 1905, apparently unimportant changes were made in the classification of duties, according to the number of threads per square of 6 millimeters size, which, although furnished by American textile manufacturers themselves, actually resulted in the same specific duties on

American standard cotton prints and British prints of somewhat better quality. American exports accordingly dropped off sharply, as shown in the following table:

<table>
<thead>
<tr>
<th>Ten-month periods</th>
<th>Linear yards</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>July, 1904–April, 1905, inclusive</td>
<td>13,741,188</td>
<td>8671,256</td>
</tr>
<tr>
<td>May, 1905–February, 1906, inclusive</td>
<td>6,955,563</td>
<td>177,235</td>
</tr>
<tr>
<td>March, 1906–December, 1906, inclusive</td>
<td>12,369,973</td>
<td>712,734</td>
</tr>
</tbody>
</table>

The changes so obviously put American manufacturers at a disadvantage that on February 26, 1906, Congress amended the act of the previous year to restore the former rates. The issue was one of method in achieving a recognized principle, a merely technical question which occasioned no discussion; and the bill passed the House practically without debate and without division.

**ACT OF 1909—FREE TRADE BETWEEN THE UNITED STATES AND THE PHILIPPINES.**

The next landmark in the history of Philippine tariff legislation is the American tariff act of August 5, 1909, which granted free entrance to goods from the Philippines, with the exception of rice, and with the limitation that the free importation of sugar should be restricted to 300,000 gross tons per annum, and of tobacco to 300,000 pounds of wrapper tobacco, 1,000,000 pounds of filler tobacco, and 150,000,000 cigars; any amounts beyond these limits were to be subject to the ordinary duty. These restrictions in amounts, intended to protect the American producers against too keen competition from Philippine products, were sufficiently generous, being far in excess of the output of these products in the Philippines. Products of the Philippines which contained foreign materials to the value of more than 20 per cent of their total value were also made dutiable in the United States. The American tariff rates on rice, sugar, and tobacco were extended to imports into the Philippines in order to preclude reexportation of foreign products to the United States at the preferential rates.

By the act of the same day dealing with the Philippine tariff all imports into the Philippines from the United States were made free of duty. The revised tariff on imports into the Philippines was prepared by Col. Colton, collector of customs in the Philippines, and Mr. Hord, collector of internal revenue, in conference with tariff experts in the islands. It was then sent, according to custom, to Gen. Edwards, Chief of the Bureau of Insular Affairs in the War Department. He consulted the business interests of the United States, received their suggestions, and according to his own statement satisfied them. He then turned the draft over to the Ways and Means Committee of the House, where only a few changes were made. There was little debate upon the bill in Congress. Mr. Harrison, later governor of the Philippines, opposed it on the ground that it provided for an exploitation of the Filipinos to enrich American manufact-

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68 For full technical treatment of this subject, see Cotton Cloth: Import and Export Trade in Relation to the Tariff, to appear shortly as a regular publication of the U. S. Tariff Commission.

69 Cong. Rec., vol. 44, p. 1998: "I think we have reconciled all special interests of the United States except such as may come up of which I have no knowledge." (Philippine tariff bill, hearings, 61st Cong., 1st sess., Apr. 20, 1909, p. 18.)
turers, but Mr. Underwood, afterwards chairman of the Committee on Ways and Means, supported it. The law is still in effect. It is hard to estimate the average rate of duty, for the rates are in part ad valorem and in part specific, but it is generally agreed that the average duty was about 20 per cent when the bill was passed.

It was the plan of Gen. Edwards that the schedules should be arranged with two objects in view—to gain a revenue and to give Americans a chance in the trade. He did not wish to give them a monopoly, he explained, but wished in all cases to equalize competitive conditions between them and foreign producers. To illustrate: The tariff on textiles of wool was placed at 35 per cent, and as American goods were to go in free, Col. Colton testified that he should expect that the rate of 35 per cent ad valorem to be imposed on the foreign product would give most of the market to the United States. The rate on farm machinery had been 5 per cent, but was raised to 15 per cent to increase the preference to American exporters. Gen. Edwards testified also that whereas half the flour had been coming from Australia, the new tariff arrangements should give all the trade to the United States.

The most insistent demands for protection against foreign competition in the Philippine market came from the American manufacturers of light rails used on sugar plantations, and other sugar machinery. The War Department conceded to them a duty of 30 per cent ad valorem on foreign imports, but this rate was reduced to 15 per cent in the House Committee on Ways and Means. Under the act of 1905 these articles had entered as machinery at 5 per cent ad valorem. Structural steel was made subject to a duty, prohibitive save as to the American product, in order to protect a Manila plant which manufactured bolts and nuts and assembled materials; and a Philippine match factory “in which they use American machinery” was protected through the establishment of a rate of duty on matches imported into the Philippines from foreign countries equal to the rate imposed on matches imported into the United States.

Numerous changes from specific to ad valorem rates make it difficult to compare the rates of this tariff with former rates. Comparison with the duties imposed on imports into the United States is even more difficult, because of the differences in classifications and units of measurement. During the debate, however, Mr. Underwood, a critic and yet in general a supporter of the bill, presented a comparison based on a common system of measurements of the rates of the pending bill with the former Philippine rates, and with the then existing American schedule of duties. There follow sufficient of the items in this comparison to illustrate the general range of duties. When not otherwise stated, the figures represent ad valorem rates.

Mr. Payne and Mr. Underwood agreed on that figure.
House hearings on the Philippine tariff, 1909, p. 17.
Ibid., p. 18. The rate of 15 per cent has not given the United States a monopoly of imports of wool manufactures.
Ibid., p. 16.
Table 7.—Comparison of rates under the Philippine tariff acts of 1905 and 1909 with those under the United States tariff act of 1897.

<table>
<thead>
<tr>
<th>Article</th>
<th>Philippine tariff.</th>
<th>United States tariff act of 1897.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marble, onyx, Jasper, etc.:</td>
<td>40 per cent.</td>
<td>42.46 per cent.</td>
</tr>
<tr>
<td>In blocks</td>
<td>31 per cent.</td>
<td>48.15 per cent.</td>
</tr>
<tr>
<td>In slabs, plates, etc.</td>
<td>15 to 20 per cent.</td>
<td>40 to 50 per cent.</td>
</tr>
<tr>
<td>Demijohns, carboys, jars, bottles, flasks</td>
<td>36 per cent.</td>
<td>45 per cent.</td>
</tr>
<tr>
<td>Glass, crystal, and imitation crystal in dec-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>casters, glasses, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common window glass</td>
<td>50 per cent.</td>
<td>14 to 155 per cent.</td>
</tr>
<tr>
<td>Mirrors</td>
<td>$12 per ton</td>
<td>$33.60 per ton.</td>
</tr>
<tr>
<td>Jewelry and goldsmith’s work</td>
<td>$4 per ton</td>
<td>45 per cent.</td>
</tr>
<tr>
<td>Steel rails</td>
<td>$19 per ton</td>
<td>10 per cent.</td>
</tr>
<tr>
<td>Terneplate and tin plate.</td>
<td>$128 per ton</td>
<td>38 to 80 per cent.</td>
</tr>
<tr>
<td>Copper and silvers in wire.</td>
<td>$10 per ton</td>
<td>24 to 33 per cent.</td>
</tr>
<tr>
<td>Mineral pigments</td>
<td>$12 per cent.</td>
<td>27 to 60 per cent.</td>
</tr>
<tr>
<td>Pigments and paints</td>
<td>15 per cent.</td>
<td>21 to 124 per cent.</td>
</tr>
<tr>
<td>Animal oils and fats, crude</td>
<td>25 per cent.</td>
<td>41.84 per cent.</td>
</tr>
<tr>
<td>Slack and dextrin</td>
<td>25 per cent.</td>
<td>9 to 40 per cent.</td>
</tr>
<tr>
<td>Explosive, dynamite, etc.</td>
<td>29 per cent.</td>
<td>50 per cent.</td>
</tr>
<tr>
<td>Cotton goods, average of schedule.</td>
<td>26 per cent.</td>
<td>50 to 64 per cent.</td>
</tr>
<tr>
<td>Yarns, in hanks, cops, or bobbins.</td>
<td>24 per cent.</td>
<td>25 per cent.</td>
</tr>
<tr>
<td>Knitted goods, in the piece</td>
<td>29 per cent.</td>
<td>45 per cent.</td>
</tr>
<tr>
<td>Jerseys, undershirts, stockings, etc.</td>
<td>28 per cent.</td>
<td>25 per cent.</td>
</tr>
<tr>
<td>Boots and shoes</td>
<td>$30 per ton</td>
<td>45 per cent.</td>
</tr>
<tr>
<td>Draft harness</td>
<td>20 per cent.</td>
<td>80 per cent.</td>
</tr>
<tr>
<td>Cooking and heating apparatus and utensils</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wagnons, carts, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobiles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poultry and game</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresh meats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ham and bacon</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The United States tariff act of 1913.—The act of October 3, 1913, contained several provisions bearing on the tariff relations of the United States with the Philippines. It reenacted the provision of the act of 1909 for the free admission into the Philippines of American products, but it did not deal with the rates of the Philippines tariff on foreign imports. It removed the duty on Philippine rice and the limitations on the amounts of sugar and tobacco which could be imported free of duty from the Philippines. Free trade was thus established between the United States and the Philippines without limitation except that of direct shipment, continued from the act of 1909.

This was the culmination of a tendency which had been operating from the first. In the early days of the American occupation, the full prevailing rates were assessed against Philippine goods. Then, after a brief interval of free entry which was due to a judicial decision and not to congressional policy, 25 per cent of the duties was taken off. After several unsuccessful attempts to secure a removal of 75 per cent of the duties, in 1909 free importation was granted with the exception of rice and of limitations on the amounts of sugar and tobacco admissible free of duty; and finally in 1913 all limitations were removed.

Although free trade prevails between the Philippines and the United States, they are not in customs union as is the case with Hawaii and Alaska. Because of the different schedules of duties assessed on imports in the United States and in the Philippines, certain limiting provisions were embodied in the act of 1913 to safeguard against the development of the practice by foreign exporters.

60 The provision abolishing export taxes in the Philippines has already been noted. See p. 594.
of introducing their products first under whichever of the two tariffs had the lower rates on their products and then reshipping into the other country. Products to be admitted into either the United States or the Philippines free of duty from the other must not contain foreign materials to the value of more than 20 per cent of their total value, and must be shipped directly, under a through bill of lading from the country of origin to the country of destination. Furthermore, products shipped between the United States and the Philippines in either direction are subject to the internal revenue taxes of the country of destination only.

Coastwise shipping provisions.—The act of March 8, 1902, suspended, until 1904, the extension to the Philippines of the law restricting coastwise shipping to American vessels, in the expectation that by that time there would be sufficient shipping engaged in Philippine-American commerce to handle the trade. This expectation was not fulfilled, however, and the suspension has been extended from time to time, with the consequence that the coastwise-shipping law has never as yet been applied to the Philippines. In the merchant marine act of July 5, 1920, there is embodied, however, a provision for the extension of the coastwise laws of the United States "to the island Territories and possessions of the United States not now covered thereby" from and after February 1, 1922. Such extension is made conditional, however, upon the establishment of adequate shipping facilities under the American flag, and the President is authorized to postpone the date of such extension until he is assured of the existence of such facilities. Moreover, there is a provision in this act applying especially to the Philippines which stipulates that the provision for the extension of the coastwise-shipping law shall not apply to the Philippines "until the President of the United States after a full investigation of the local needs and conditions shall, by proclamation, declare that an adequate shipping service has been established as herein provided and fix a date for the going into effect of the same." 81

PORTO RICO.

AREA AND POPULATION.

Porto Rico, the easternmost and smallest of the Greater Antilles in the Caribbean Sea, 82 is a little over 100 miles long and about 36 miles wide, comprising an area of about 3,600 square miles. In the interior is a broken range of hills, from which the land slopes northward and southward to the low coast line, indented with few good harbors. In addition to the main island, there are several small and unimportant outlying islands.

The population, according to the census of 1920, was 1,297,772, as compared with 1,118,012 in 1910 and 953,243 in 1899. The average number of persons to the square mile is therefore 360. San Juan and Ponce, with populations in 1920 of 71,443 and 41,912, 83 respectively, are the largest cities.

81 All of these provisions are in sec. 21 of the act, quoted on p. 61.
82 It lies within the Tropics, between latitudes 17° 12' and 18° 30' N. and longitudes 65° 30' and 67° 15' W.
83 The whole municipality of Ponce has 71,425.
Under the Spanish régime coffee was the chief staple of the island, but through the loss of the tariff preference in Spain and Cuba following the American occupation this industry suffered a sharp decline, and its place was usurped by sugar, which, as a result of free importation into the United States in 1901, suddenly doubled in output. From 1850 until 1902 the yearly production of sugar ranged from 25,000 to 75,000 tons; in 1903 the output was 100 per cent greater than in 1897; and in 1919 the figure reached 352,000 tons. Tobacco also, under the American occupation, has greatly surpassed coffee, until in 1919 sugar constituted over 60 per cent of the exports, leaf tobacco 9.5 per cent, cigars 8.4 per cent, and coffee only 7.5 per cent. In recent years fruit raising has also developed considerably. Manufacturing is represented, for the most part, merely in the production of cigars and cigarettes. Manufactures were valued at $48,757,000 in 1909 and $85,507,000 in 1919.

The following table shows the value of the merchandise exported from Porto Rico to all countries and to the United States for a series of years from 1901.

Table 8.—Value of merchandise exported from Porto Rico, 1901-1920.

<table>
<thead>
<tr>
<th>Year (fiscal)</th>
<th>Total</th>
<th>To the United States</th>
<th>Year (fiscal)</th>
<th>Total</th>
<th>To the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>8,583</td>
<td>5,581</td>
<td>1916</td>
<td>66,731</td>
<td>69,952</td>
</tr>
<tr>
<td>1904</td>
<td>16,295</td>
<td>11,722</td>
<td>1917</td>
<td>80,970</td>
<td>78,115</td>
</tr>
<tr>
<td>1907</td>
<td>26,996</td>
<td>19,142</td>
<td>1918</td>
<td>74,294</td>
<td>65,516</td>
</tr>
<tr>
<td>1908</td>
<td>37,695</td>
<td>32,065</td>
<td>1919</td>
<td>79,496</td>
<td>71,915</td>
</tr>
<tr>
<td>1913</td>
<td>49,108</td>
<td>40,328</td>
<td>1920</td>
<td>150,811</td>
<td>133,208</td>
</tr>
</tbody>
</table>


Table 9 gives the value of the principal exports to the United States and to foreign countries during the years 1914, 1917, and 1919:

Table 9.—Value of principal exports from Porto Rico, 1914, 1917, and 1919.

<table>
<thead>
<tr>
<th>Article</th>
<th>1914</th>
<th>1917</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>TO THE UNITED STATES.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar</td>
<td>20,289</td>
<td>53,987</td>
<td>48,922</td>
</tr>
<tr>
<td>Molasses</td>
<td>927</td>
<td>1,932</td>
<td>1,507</td>
</tr>
<tr>
<td>Cigars</td>
<td>5,592</td>
<td>7,584</td>
<td>6,648</td>
</tr>
<tr>
<td>Tobacco, leaf</td>
<td>2,261</td>
<td>3,533</td>
<td>2,769</td>
</tr>
<tr>
<td>Pineapples, fresh</td>
<td>1,245</td>
<td>916</td>
<td>459</td>
</tr>
<tr>
<td>Oranges</td>
<td>752</td>
<td>1,008</td>
<td>769</td>
</tr>
<tr>
<td>Grapefruit</td>
<td>751</td>
<td>939</td>
<td>739</td>
</tr>
<tr>
<td>TO FOREIGN COUNTRIES.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee</td>
<td>8,124</td>
<td>5,829</td>
<td>5,937</td>
</tr>
<tr>
<td>Tobacco, leaf</td>
<td>244</td>
<td>21</td>
<td>304</td>
</tr>
<tr>
<td>Sugar</td>
<td></td>
<td>41</td>
<td></td>
</tr>
</tbody>
</table>

The following table shows the quantity of the three principal products exported from Porto Rico for a series of years from 1901 to 1919:

Table 10. — Quantity of sugar, cigars, and coffee exported from Porto Rico, 1901-1919.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sugar</th>
<th>Cigars</th>
<th>Coffee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Thousands of short tons.</td>
<td>Millions</td>
<td>Millions of pounds.</td>
</tr>
<tr>
<td>1901</td>
<td>69</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>1905</td>
<td>139</td>
<td>85</td>
<td>16</td>
</tr>
<tr>
<td>1909</td>
<td>244</td>
<td>142</td>
<td>28</td>
</tr>
<tr>
<td>1913</td>
<td>353</td>
<td>166</td>
<td>49</td>
</tr>
<tr>
<td>1917</td>
<td>438</td>
<td>210</td>
<td>38</td>
</tr>
<tr>
<td>1918</td>
<td>337</td>
<td>179</td>
<td>38</td>
</tr>
<tr>
<td>1919</td>
<td>352</td>
<td>150</td>
<td>28</td>
</tr>
</tbody>
</table>

Table 11 represents the merchandise imported into Porto Rico from all countries and from the United States for a series of years since 1901.

Table 11. — Value of merchandise imported into Porto Rico, 1901-1919.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>From the United States</th>
<th>From foreign countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Thousands of dollars.</td>
<td>Thousands of dollars.</td>
<td>Thousands of dollars.</td>
</tr>
<tr>
<td>1901</td>
<td>8,518</td>
<td>6,963</td>
<td>78.10</td>
</tr>
<tr>
<td>1904</td>
<td>13,169</td>
<td>11,210</td>
<td>85.12</td>
</tr>
<tr>
<td>1907</td>
<td>28,267</td>
<td>25,686</td>
<td>87.76</td>
</tr>
<tr>
<td>1910</td>
<td>30,634</td>
<td>27,097</td>
<td>88.45</td>
</tr>
<tr>
<td>1913</td>
<td>31,900</td>
<td>28,153</td>
<td>88.35</td>
</tr>
<tr>
<td>1916</td>
<td>32,951</td>
<td>30,892</td>
<td>92.15</td>
</tr>
<tr>
<td>1917</td>
<td>33,454</td>
<td>49,539</td>
<td>92.99</td>
</tr>
<tr>
<td>1918</td>
<td>63,389</td>
<td>38,946</td>
<td>62,400</td>
</tr>
<tr>
<td>1919</td>
<td>62,400</td>
<td>57,898</td>
<td>92.70</td>
</tr>
</tbody>
</table>

The following table shows the value of the principal imports from the United States and from foreign countries during the years 1914, 1917, and 1919.


[In thousands of dollars.]

<table>
<thead>
<tr>
<th>Article</th>
<th>1914</th>
<th>1917</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM THE UNITED STATES.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td>5,306</td>
<td>5,587</td>
<td>11,609</td>
</tr>
<tr>
<td>Iron and steel, and manufactures of</td>
<td>2,644</td>
<td>4,799</td>
<td>3,935</td>
</tr>
<tr>
<td>Cotton cloths</td>
<td>2,224</td>
<td>3,510</td>
<td>4,659</td>
</tr>
<tr>
<td>All other manufactures of cotton</td>
<td>2,169</td>
<td>2,517</td>
<td>2,662</td>
</tr>
<tr>
<td>Pork, pickled</td>
<td>1,633</td>
<td>1,280</td>
<td>895</td>
</tr>
<tr>
<td>Wheat flour</td>
<td>1,608</td>
<td>2,646</td>
<td>4,308</td>
</tr>
<tr>
<td>Leather and manufactures of</td>
<td>1,299</td>
<td>1,918</td>
<td>7,757</td>
</tr>
<tr>
<td>Boards, deals, planks, and scantlings</td>
<td>733</td>
<td>938</td>
<td>445</td>
</tr>
<tr>
<td>Sugar, refined</td>
<td>727</td>
<td>670</td>
<td>24</td>
</tr>
<tr>
<td>Lard compounds</td>
<td>723</td>
<td>1,145</td>
<td>1,256</td>
</tr>
<tr>
<td>Mineral oils</td>
<td>647</td>
<td>1,311</td>
<td>1,590</td>
</tr>
<tr>
<td>Paper and manufactures of</td>
<td>638</td>
<td>1,181</td>
<td>1,261</td>
</tr>
<tr>
<td>Cars, carriages, and parts of</td>
<td>338</td>
<td>1,797</td>
<td>3,246</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>522</td>
<td>2,132</td>
<td>1,987</td>
</tr>
</tbody>
</table>

FROM FOREIGN COUNTRIES.

<table>
<thead>
<tr>
<th>Article</th>
<th>1914</th>
<th>1917</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish, dried, smoked, and cured</td>
<td>643</td>
<td>821</td>
<td>767</td>
</tr>
<tr>
<td>Jute bags</td>
<td>452</td>
<td>495</td>
<td>528</td>
</tr>
</tbody>
</table>

Porto Rico was acquired from Spain by the United States as a result of the war of 1898. The island was occupied by the American Army on July 25, 1898, but possession was not formally assumed until October 18, 1898. From this date until May 1, 1900, the government of Porto Rico was in the hands of Army officers, subject to the President acting in his capacity of Commander in Chief of the Army. During this period the War Department administered without important modification the form of civil government and the laws existing under the Spanish régime. On April 12, 1900, Congress passed the "Foraker Act" for the civil government of Porto Rico. This act provided for a governor and six heads of administrative departments, to be appointed by the President, and a legislative assembly of two houses, namely, an executive council and the house of delegates. The executive council was to consist of the heads of the six administrative departments, appointed by the President. The house of delegates was to consist of 35 members, elected biennially by the people of Porto Rico. The legislative assembly was granted general local legislative power, subject to the veto power of the governor, and limited by the authority of Congress to veto or annul legislation enacted by the Porto Rico Legislative Assembly and also to legislate for Porto Rico. The appointive executive council was given both legislative and administrative functions, and was thus made the more important branch of the assembly. Congress retained full control over tariff legislation and over all matters bearing on the trade relations of Porto Rico with other countries.

No further change of importance was made in the civil government until the passing by Congress on March 2, 1917, of the Porto Rico civil government act. This act established a legislature consisting of two elective houses, namely, a senate of 19 members and a house of representatives of 39 members. The senate succeeded to the powers previously entrusted to the executive council. All local legislative power in Porto Rico is vested by this law in the legislature. The governor continues to be an appointee of the President. A bill, to become law, requires the approval of the governor, but if a bill is passed again after veto by the governor, by a two-thirds majority in each house and the governor still disapproves, it goes to the President, who may approve it, whereupon it becomes law in spite of the Governor's objection; on the other hand the President may veto it. Congress also retains the power and authority to annul Porto Rican legislation.

FINANCE.

During the period of military government of Porto Rico, the old Spanish tax régime was continued, although with some modifications, and all of the revenues collected in Porto Rico accrued to the Porto Rican treasury. The island was treated as foreign territory in so far as the tariff was concerned, and the minimum schedule of the Spanish tariff was retained with unimportant modifications for imports into the island from all countries including the United States. The rates of the general United States tariff were collected in the United States on imports from Porto Rico and the proceeds of these
taxes went to the Federal Treasury. By the act of March 24, 1900, however, Congress provided that the proceeds of the taxation of imports into the United States from Porto Rico since its evacuation by Spain and all the revenues thereafter collected on such importations under the existing tariff law should be placed at the disposal of the President, to be used by him for the benefit of the government of Porto Rico and for public education and public works in the island.

The Foraker Act of April 12, 1900, establishing a civil government for Porto Rico, in addition to its tariff provisions, provided that the island should not be subject to the internal-revenue laws of the United States, but should have the power to organize an internal-revenue system of its own, and to take such action as it deemed advisable relative to the imposition and collection of other taxes necessary to enable it to meet its fiscal requirements. This act also provided for the extension to Porto Rico of the United States monetary system, and gave to both the insular and the municipal governments the power to borrow money for public improvements and other public uses to an amount not exceeding 7 per cent of the value of property of the island as assessed for purposes of taxation.

In accordance with the power granted, the insular legislature, in 1901, soon after meeting and organizing, proceeded to pass a general revenue law completely revising both the insular and municipal financial system. The system of taxes in force under the Spanish régime was completely done away with, and in its place there was provided a system of excise taxes modeled after the system of the United States, and of general property and inheritance taxes. 84

No further change of importance was made in the internal tax system until the passing by Congress of the Porto Rico civil government act of March 2, 1917, which, in addition to granting to the Porto Rican government general power to levy internal taxes, provided that all taxes collected under the internal revenue laws of the United States on articles produced in Porto Rico and transported to the United States or consumed in the island should be paid into the treasury of Porto Rico. Hitherto internal-revenue taxes collected in the United States on Porto Rican products had accrued to the Federal Treasury. This act also specifically withheld from the Porto Rican government the authority to levy export taxes.

The following table presents a comparative statement of all revenues, and expenditures of Porto Rico for the fiscal years 1917, 1918, and 1919:

Table 13.—Revenues and expenditures of Porto Rico, 1918, 1919, and 1920.1

[In thousands of dollars.]

<table>
<thead>
<tr>
<th>Items</th>
<th>Fiscal year ending June 30—</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1918</td>
</tr>
<tr>
<td><strong>REVENUES.</strong></td>
<td></td>
</tr>
<tr>
<td>Customs</td>
<td>370</td>
</tr>
<tr>
<td>Internal</td>
<td>3,352</td>
</tr>
<tr>
<td>United States internal revenues</td>
<td>1,910</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>484</td>
</tr>
<tr>
<td>Repayments</td>
<td>1,112</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,538</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES.</strong></td>
<td></td>
</tr>
<tr>
<td>Legislative</td>
<td>115</td>
</tr>
<tr>
<td>Executive</td>
<td>1,283</td>
</tr>
<tr>
<td>Insular police</td>
<td>477</td>
</tr>
<tr>
<td>Maintenance and repairs:</td>
<td></td>
</tr>
<tr>
<td>Roads and bridges</td>
<td>737</td>
</tr>
<tr>
<td>Other</td>
<td>196</td>
</tr>
<tr>
<td>Public schools</td>
<td>1,423</td>
</tr>
<tr>
<td>University of Porto Rico</td>
<td>50</td>
</tr>
<tr>
<td>Sanitation</td>
<td>482</td>
</tr>
<tr>
<td>Bureau of supplies</td>
<td>972</td>
</tr>
<tr>
<td>Judicial</td>
<td>421</td>
</tr>
<tr>
<td>All other payments</td>
<td>327</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,483</td>
</tr>
</tbody>
</table>


Acquired free from bonded indebtedness in 1898, the island has been able, by means of its ordinary revenues, to meet current expenses and make considerable improvements. On June 30, 1920, the total bonded debt contracted to finance special public works was only $10,316,000.85

**TARIFF HISTORY.**

At the time of the Spanish-American War the Porto Rican tariff consisted of general and conventional schedules almost wholly of specific rates, and with free admission of Spanish products imported in Spanish vessels. Porto Rican products received preferential admission into Spain, and coffee, under the stimulus of preferential admission into Spain and Cuba, had become the predominant industry.86

**THE TARIFF UNDER THE MILITARY ADMINISTRATION.**

From August, 1898, to May 1, 1900, during which period Porto Rico was under the administration of United States Army officers, the collection of duties on imports into Porto Rico was administered and executed under regulations of the United States Treasury Department, by a special commissioner (under the Treasury Department) to Cuba and Porto Rico. In Cuba, this commissioner put into force the minimum rates of the Spanish tariff on imports from Spain, but this tariff was so low—in the words of the commissioner, "practically free"—that he felt obliged to adopt for Porto Rico the

86 See chapter on Spanish colonial tariffs, pp. 535-538.
much higher rates of the Spanish minimum tariff on imports from foreign countries, even though "the (Treasury) Department and the commissioner were well aware that many of the rates of duty would prove onerous." As a temporary measure of relief, however, made in response to the plea of the special commissioner and the memorials by Porto Rican merchants, the Secretary of the Treasury decided to collect the Porto Rican customs duties in the silver coins (pesos) of that country, at the rate of 2 pesos to one American dollar. This action practically reduced the duties one-half, as the peso did not exchange ordinarily for much more than 25 cents of American money. By Executive order of the President of the United States January 20, 1899, further relief was granted by permitting the payment of import duties after February 1, 1899, in pesos at the rate of 60 cents United States money to 1 peso.

Imports from the United States were subjected to the same rates of duty as imports from foreign countries, but the trade between ports of the United States and Porto Rico and between all ports in Porto Rico was restricted to vessels of American registry.

All of the customs revenue collected in Porto Rico was expended in the island, but the proceeds of the duties collected in the United States on imports from Porto Rico went at first into the United States Treasury. On March 24, 1900, however Congress passed a law placing at the disposal of the President to be expended for the benefit of Porto Rico all the revenue that had heretofore been collected and that might thereafter be collected under the existing law on imports into the United States from the island.

Porto Rico was far from prosperous in the early years of the American régime. During the period of hostilities, trade conditions were disturbed, not only by the military activities, but by the raids of bandits and outlaws. The currency of the island had depreciated, and in August, 1899, a tornado destroyed a large part of the standing food crops, killed several thousands of people and many thousands of cattle, and practically ruined the coffee crop. But the economic distress was not attributable wholly to physical causes. Occupation of the island by the United States resulting in the termination of the Spanish and Cuban tariff preferences on Porto Rican products, especially on coffee and tobacco, made it almost impossible for Porto Rico to market her coffee. Spain made conditions even more difficult for Porto Ricó by enacting new and prohibitive duties on coffee, sugar, and tobacco, which comprised 85 per cent of the Porto Rican exports.

In response to the pleas from the inhabitants of Porto Rico for alleviation of their economic distress, Gov. Davis of Porto Rico asked that free trade should be established between Porto Rico and the United States, in the hope that the Porto Ricans would thereby find a market in the United States for the products which formerly had gone to Spain and Cuba. President McKinley in his message

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87 Report and recommendations to the Secretary of the Treasury on the customs tariff of the island of Porto Rico, by Robert F. Porter, special commissioner for the United States to Cuba and Porto Rico, Washington, 1899, p. 3.
89 Ibid., p. 7.
90 See p. 699.
92 Ibid.
to Congress of December 5, 1899, supported this appeal, and declared that under the existing circumstances it was the plain duty of Congress "to abolish all customs tariffs between the United States and Porto Rico and give her products free access to our markets." The Secretary of War made a similar request in his annual report for 1899.

THE FORAKER ACT OF APRIL 12, 1900.

On January 3, 1900, Senator Foraker, chairman of the Senate Committee on the Pacific Islands and Porto Rico, introduced a bill for the civil government of Porto Rico which provided for the free admission of Porto Rican products into the United States, so earnestly pleaded for on all sides. On January 19, 1900, Mr. Payne, chairman of the House Committee on Ways and Means, introduced a bill in the House which provided that the same duties should be levied on all articles imported into Porto Rico from ports other than the United States which were levied on imports into the United States from foreign countries, that trade between Porto Rico and the United States in both directions should be free of duty, and that the internal revenue laws of the United States should be extended to Porto Rico.

The publication of these bills, however, led to immediate protests before the congressional committees from the American sugar-producing interests, who did not fear the competition of free Porto Rican sugar as much as they feared that the proposed measure would establish a precedent for the Philippines, and for Cuba if it should ever be annexed by the United States. These protests were followed by a change in attitude both in the House and in the Senate. On January 24, 1900, Senator Platt of the Senate committee proposed an amendment providing for the imposition of 80 per cent of the rates of the Dingley tariff on imports into the United States from Porto Rico, and on February 5, 1900 the Senate committee reported favorably on a bill imposing duties equal to 20 per cent of the rates of the Dingley tariff on both imports into the United States from Porto Rico and imports into Porto Rico from the United States. Meanwhile Mr. Payne, on behalf of the Ways and Means Committee introduced as a substitute for his original measure proposing reciprocal free trade, a bill which provided duties on imports into the United States from Porto Rico and imports into Porto Rico from the United States equal to 25 per cent of the duties imposed on imports from foreign countries by the Dingley tariff plus the internal revenue taxes of the country of destination. Mr. Payne's bill provided also that both the customs revenue collected in Porto Rico on imports from the United States and the customs revenue collected in the United States on imports from Porto Rico should go to the Porto Rican treasury.

In support of his bill Mr. Payne declared that American sugar producers were not afraid of Porto Rican competition, but were afraid that any provision for free admission of Porto Rican products would be used as an entering wedge for similar concessions to the Philippines. He wanted, he explained, to establish a precedent for

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64 United States Foreign Relations, 1899, p. LVI.
the imposition of duties between the United States and a territorial dependency, whether temporary or not, for the sake of future tariff relations with the Philippines and Cuba. He also cited the needs of Porto Rico for education and other purposes in support of his bill. Representative Payne, when asked by Representative Henry of Texas, whether the duties on Porto Rican imports were to be "levied in order to give schools to Puerto Ricans," or were they to be levied "for the purpose of giving protection to producers of sugar in this country," replied:

"I do not see how * * * a tax of 20 per cent of the ordinary duty is a protection to any sugar interest in the country." 96

Considerable opposition developed both in Congress and outside against these proposals to levy duties on the trade between Porto Rico and the United States. As a concession to the opposition, Representative Payne on February 28, 1900, offered an amendment to his bill reducing the duties to be collected on imports in either direction to 15 per cent of the rates of the Dingley tariff plus the internal revenue taxes of the country of destination, 97 and later in the same day he proposed a further amendment to the effect that:

This act should be taken and held to be provisional in its purposes and intended to meet a present pressing need for revenue for the island of Puerto Rico and should not continue in force after the first of March, 1902. 98

A substitute bill, introduced by the opposition on the same day, to include Porto Rico within the tariff boundaries of the United States, was defeated by 160 votes to 174, and the Payne bill, embodying the two amendments described above, was passed by an even closer vote. 99

In the Senate, the Committee on the Pacific Islands and Porto Rico presented to the Senate the Foraker bill in amended form, as a substitute for the House bill. This bill, in addition to providing for the civil government of Porto Rico 1 stipulated that the United States tariff should be applied to imports into Porto Rico from foreign countries, and that until March, 1902, rates equal to 15 per cent of the United States tariff rates plus the internal revenue taxes of the country of destination, should be imposed on imports into Porto Rico from the United States and into the United States from Porto Rico. After March 1, 1902, trade between Porto Rico and the United States was to be free of customs taxation.

After a protracted debate, in which the opposition questioned the power of Congress under the Constitution to levy duties on imports into the United States from a possession or into Porto Rico from the United States, 2 the Foraker bill was passed in the Senate. It was accepted by the House by a close vote, and became law on April 12, 1900.

The tariff provisions of the Foraker Act were as follows:

(1) Imports into Porto Rico from foreign countries were to be subject to the same duties to which they would be subject under

96 Ibid., p. 1915.
97 Ibid., p. 2101.
98 Ibid., p. 2113.
99 Ibid., p. 2123.
100 See p. 577.
101 In 1901 the Supreme Court decided that Porto Rico was not a part of the United States within the revenue clauses of the Constitution. (Downes v. Bidwell [1901], 182 U. S. 244, 21 S. Ct. 770, 45 U. S. 1058 [L. ed.).) See p. 577.
the United States tariff if imported into the United States, but with the following exceptions:

(a) Coffee in the bean, or ground, imported into Porto Rico from any foreign country was subjected to a duty of 5 cents per pound (instead of the previous rate of 3 cents).

(b) In accordance with Article XIII of the treaty of peace with Spain, all Spanish scientific, literary, and artistic works, not subversive of public order in Porto Rico, were to be admitted free of duty into Porto Rico, for a period of 10 years from April 11, 1899. (Sec. 2.)

(2) All imports into the United States from Porto Rico, and all imports into Porto Rico from the United States, were to be admitted upon payment of the internal-revenue taxes of the country of destination, plus 15 per cent of the duties levied upon like articles imported from foreign countries, but with the following exceptions:

(a) All articles except coffee not dutiable under the tariff laws of the United States and all articles admitted into Porto Rico free of duty under the tariff theretofore administered by the military administration in Porto Rico were to be admitted into Porto Rico free of duty when imported from the United States.

(b) Whenever the Porto Rican Legislative Assembly constituted by this act should have enacted and put into operation a system of local taxation to meet the necessities of the government of Porto Rico and should have notified the President, the President should make proclamation thereof, and thereupon all imports into Porto Rico from the United States and into the United States from Porto Rico should enter free of duty.

(c) In no event should any duties be collected after March 1, 1902, on articles imported into Porto Rico from the United States or into the United States from Porto Rico. (Sec. 3.)

(3) The net proceeds of the duties collected on imports into Porto Rico and the gross proceeds of the taxes and duties levied in the United States on goods imported from Porto Rico were to be used for the government and benefit of Porto Rico, at first to be held by the President as a trust fund for Porto Rico, and later, when the Porto Rican Government was organized, to be administered by the Porto Rican Government. (Sec. 4.)

(4) The United States laws restricting coastwise shipping to American vessels were to be extended to Porto Rico. (Sec. 9; see above, p. 606.)

(5) No export duties were to be imposed in Porto Rico. (Sec. 38.)

The provision in this act for turning over to Porto Rico the proceeds of the duties and internal-revenue taxes to be collected under this act on goods coming from Porto Rico, together with the provision in the act of March 24, 1900, for the use for the benefit of Porto Rico of all the customs revenue theretofore collected on imports into the United States from Porto Rico since the evacuation of Porto Rico by Spain (October 18, 1898), and thereafter similarly collected under the then existing legislation, resulted in turning over to the island a total sum of $2,714,249.19.\(^3\)

By the act of April 29, 1902, Congress stipulated that there should be refunded the amount of duties paid in Porto Rico upon articles

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imported from the United States from April 11, 1899 (the date of proclamation of the treaty of peace with Spain), to May 1, 1900, to the individuals who had paid such duties. By the act of March 3, 1903, Congress further stipulated that a similar refund should be made of the duties which had been paid during the same period on imports into the United States from Porto Rico. These measures were passed in order to carry out the decisions of the Supreme Court in the insular cases, which denied the applicability to imports into the United States from the insular possessions of the rates of duty specified by the Dingley tariff to be levied on imports from foreign countries, and which left in doubt the validity of the taxes collected in the insular possessions on imports from the United States under the authority of the military administrations and subsequent to the proclamation of peace with Spain.

On July 4, 1901, the Legislative Assembly of Porto Rico passed a joint resolution notifying the President of the establishment of a system of internal taxation adequate to the financial needs of Porto Rico, and on July 25, 1901, President McKinley issued a proclamation announcing that such a tax system had been established. In accordance with the act of April 12, 1900, thereupon trade between the United States and Porto Rico became free of customs taxation.

In the following table, the rates levied upon imports from foreign countries, and on imports from the United States until July 25, 1901, under the act of April 12, 1900, are compared by principal classes of commodities, with the rates levied under the minimum schedule of the Spanish tariff, in effect at the time of American occupation of the island:

Table 14.—Ad valorem equivalents of rates under act of April 12, 1900.

<table>
<thead>
<tr>
<th>Article</th>
<th>Minimum schedule of Spanish tariff.</th>
<th>On imports from foreign countries</th>
<th>On imports from the United States until July 23, 1901.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earthenware</td>
<td>10</td>
<td>60</td>
<td>9.0</td>
</tr>
<tr>
<td>Metals, and manufactures of</td>
<td>18</td>
<td>44</td>
<td>6.6</td>
</tr>
<tr>
<td>Chemicals</td>
<td>10</td>
<td>32</td>
<td>4.6</td>
</tr>
<tr>
<td>Cotton, and manufactures of</td>
<td>7</td>
<td>40</td>
<td>6.0</td>
</tr>
<tr>
<td>Fibers, and manufactures of</td>
<td>13</td>
<td>40</td>
<td>6.0</td>
</tr>
<tr>
<td>Wood, and manufactures of</td>
<td>10</td>
<td>80</td>
<td>12.0</td>
</tr>
<tr>
<td>Silk, and manufactures of</td>
<td>12</td>
<td>54</td>
<td>8.1</td>
</tr>
<tr>
<td>Paper</td>
<td>6</td>
<td>18</td>
<td>2.7</td>
</tr>
<tr>
<td>Wood, etc</td>
<td>10</td>
<td>19</td>
<td>2.8</td>
</tr>
<tr>
<td>Animals</td>
<td>2</td>
<td>25</td>
<td>3.7</td>
</tr>
<tr>
<td>Machinery</td>
<td>9</td>
<td>43</td>
<td>6.7</td>
</tr>
<tr>
<td>All alimentary substances</td>
<td>20</td>
<td>38</td>
<td>5.7</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>14</td>
<td>40</td>
<td>6.0</td>
</tr>
<tr>
<td>Special</td>
<td>2</td>
<td>40</td>
<td>6.0</td>
</tr>
<tr>
<td>All other commodities</td>
<td>14</td>
<td>38</td>
<td>5.7</td>
</tr>
</tbody>
</table>

5 See p. 577.
No important change has been made in the tariff relations of the United States and Porto Rico since 1901. Upon the revision of the United States tariff in 1909 and in 1913, the same rates were applied to imports from foreign countries into Porto Rico and into the United States. The provisions in the act of April 12, 1900, for a tax of 5 cents per pound on coffee imported into Porto Rico from foreign countries and for the continued importation into Porto Rico, free of duty from foreign countries, of those commodities which were free of duty under the Military Administration tariff, were not continued in effect by the United States tariff act of 1909. The trade between Porto Rico and the United States continues to be free of customs taxation, and Porto Rico is a customs district of the United States.

Commodities passing between Porto Rico and the United States, in either direction, pay the internal revenue taxes of the country of destination only. At the same time section 9 of the civil government for Porto Rico act of March 2, 1917, in addition to a provision withholding from the Porto Rican government the authority to levy export taxes, provided that all taxes collected under the internal-revenue laws of the United States on articles produced in Porto Rico and transported to the United States should be refunded to the Porto Rican treasury. This is to be regarded as a subsidy to Porto Rico by the United States, and amounted to $1,039,000 and $929,000, respectively, in the fiscal years 1918 and 1919.

It should be noted, on the other hand, that imports of dutiable foreign commodities into the United States for reexport to Porto Rico pay duty at the port of entry into the United States, and that the revenue on such imports accrues to the United States, and not to the Porto Rican treasury. Conversely, imports into Porto Rico from foreign countries which are reexported to the United States pay duties into the island treasury, but such imports are probably not nearly as great in amount as imports from foreign countries entering Porto Rico via the United States. For the year ending June 30, 1919, exports of foreign merchandise to foreign countries were valued at $53,740, as compared with $504,963 worth shipped to the United States.6

American Samoa comprises the islands of Tutuila, Manua, and all others of the group, small and unimportant, east of longitude 171° W. Of the total 77 square miles in the American group, Tutuila contains 40, being about 18 miles long and from 5 to 6 miles wide in the widest part. Pago Pago, the largest village, is located on the safest and best harbor in the South Seas, 4,160 miles southwest of San Francisco and 1,580 miles northwest of Auckland, New Zealand.

The population of the American group was shown by the census of 1901 to be 5,563 and increased to 7,251 in 1912, and to 8,056 in 1920. Of the population in 1912, 92 per cent were natives (Samoans), and

COLONIAL TARIFF POLICIES.

a fraction of 1 per cent foreigners, the remainder being Pacific Islanders, and half-castes.

The subtropical climate, ranging from 78° in June to 82° in December, and the rich soil combine to produce with slight human effort a large variety of tropical fruits and vegetables, of which copra is the leading export. The island is heavily wooded, but the timber is unsuitable for building purposes, and in general, has little commercial value. There are no industries other than agricultural, with the exception of the production on a small scale and by hand of fiber mats, tapa cloth, made from the inside bark of the paper mulberry, fans, baskets, hats, canoes, and other native articles.

The total imports into Tutuila since 1911 are given in the following table:

Table 15.—Imports into Tutuila, 1911–1919.

[In thousands of dollars.]

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Total value.</th>
<th>From the United States.</th>
<th>From foreign countries.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Per cent of total</td>
<td>Value</td>
</tr>
<tr>
<td>1911</td>
<td>894</td>
<td>8</td>
<td>88</td>
</tr>
<tr>
<td>1912</td>
<td>110</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>1913</td>
<td>134</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td>1914</td>
<td>104</td>
<td>42</td>
<td>41</td>
</tr>
<tr>
<td>1915</td>
<td>111</td>
<td>69</td>
<td>59</td>
</tr>
<tr>
<td>1916</td>
<td>118</td>
<td>101</td>
<td>85</td>
</tr>
<tr>
<td>1917</td>
<td>110</td>
<td>94</td>
<td>83</td>
</tr>
<tr>
<td>1918</td>
<td>146</td>
<td>94</td>
<td>65</td>
</tr>
<tr>
<td>1919</td>
<td>188</td>
<td>103</td>
<td>55</td>
</tr>
</tbody>
</table>


The imports from countries other than the United States consist mainly of goods imported from (i.e., largely by way of) British possessions in the Pacific. The following table gives statistics for the imports of 1911 by principal commodities:

Table 16.—Imports into Tutuila, by principal commodities, 1911.

[In thousands of dollars.]

<table>
<thead>
<tr>
<th>Article</th>
<th>Total</th>
<th>From the United States</th>
<th>From British colonies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breadstuffs</td>
<td>8.0</td>
<td>0.5</td>
<td>7.8</td>
</tr>
<tr>
<td>Cotton goods</td>
<td>25.2</td>
<td>4.0</td>
<td>21.2</td>
</tr>
<tr>
<td>Fish</td>
<td>19.1</td>
<td>1.2</td>
<td>18.0</td>
</tr>
<tr>
<td>Meats, etc.</td>
<td>19.1</td>
<td>18.0</td>
<td>1.1</td>
</tr>
<tr>
<td>Leather</td>
<td>1.3</td>
<td>1.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Oils</td>
<td>2.9</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Sugar</td>
<td>1.6</td>
<td>1.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Lumber</td>
<td>3.5</td>
<td>3.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Furniture</td>
<td>1.4</td>
<td>1.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Soap</td>
<td>1.4</td>
<td>1.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Hardware</td>
<td>15.1</td>
<td>1.1</td>
<td>14.0</td>
</tr>
<tr>
<td>All other goods</td>
<td>15.1</td>
<td>1.1</td>
<td>14.0</td>
</tr>
<tr>
<td>Total</td>
<td>94.2</td>
<td>8.4</td>
<td>70.7</td>
</tr>
</tbody>
</table>

1 American Samoa, general report, p. 39. This report, the latest published by the Navy Department, contains figures only through the year 1911.
The following table gives the statistics of total exports for the years 1912 to 1918:

Table 17.—Exports of merchandise from Tutuila, 1912 to 1918.1

<table>
<thead>
<tr>
<th>Fiscal year:</th>
<th>Total value</th>
<th>To the United States</th>
<th>To foreign countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Per cent of total</td>
<td>Value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1912</td>
<td>146</td>
<td>22%</td>
<td>121</td>
</tr>
<tr>
<td>1913</td>
<td>133</td>
<td>13%</td>
<td>121</td>
</tr>
<tr>
<td>1914</td>
<td>71</td>
<td>71%</td>
<td>121</td>
</tr>
<tr>
<td>1915</td>
<td>198</td>
<td>19%</td>
<td>198</td>
</tr>
<tr>
<td>1916</td>
<td>62</td>
<td>62%</td>
<td>62</td>
</tr>
<tr>
<td>1917</td>
<td>198</td>
<td>19%</td>
<td>198</td>
</tr>
<tr>
<td>1918</td>
<td>136</td>
<td>136%</td>
<td>121</td>
</tr>
<tr>
<td>Calendar year:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1918</td>
<td>136</td>
<td>136%</td>
<td>121</td>
</tr>
<tr>
<td>1919</td>
<td>95</td>
<td>95%</td>
<td>95</td>
</tr>
</tbody>
</table>


It will be noted that since 1912 all the exports have gone to the United States. Copra is the sole article of export. It is interesting to note that all copra for export is marketed by the naval governor for the natives, or at least had been for a number of years preceding the last report of the governor. All the taxes on natives are collected in this commodity before purchase is made. The quantities and values sold in alternate years are as follows:

Table 18.—Exports of copra from Tutuila, 1903-1911.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousands of pounds</th>
<th>Value in dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1903</td>
<td>1,132</td>
<td>28,042</td>
</tr>
<tr>
<td>1905</td>
<td>2,507</td>
<td>65,797</td>
</tr>
<tr>
<td>1907</td>
<td>2,059</td>
<td>70,999</td>
</tr>
<tr>
<td>1909</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1911</td>
<td>2,345</td>
<td>96,228</td>
</tr>
<tr>
<td>1911</td>
<td>3,374</td>
<td>124,452</td>
</tr>
</tbody>
</table>

1 American Samoa, general report, p. 36.

ACQUISITION, GOVERNMENT, AND FINANCE.

The Samoan Islands were independent territory, ruled by native chiefs, until the partition of the group between the United States and Germany in 1899. A treaty between the United States and the Government of the Samoan Islands, signed January 17, 1878, and proclaimed February 13, 1878, ceded to the United States the port of Pago Pago for use as a coaling and naval station for war and merchant vessels, opened the islands to American trade, stipulated that no import or export duties should be charged on the cargoes of American vessels entering or clearing from Samoa, and that tonnage duties on American vessels should not exceed one-half of 1 cent per ton.

On June 14, 1889, during a state of insurrection in Tutuila there was signed at Berlin by the United States, Great Britain, and Germany a general act providing for the neutrality and independence of the
Samoan Islands and establishing a tripartite protectorate by the signatory powers, which was accepted by the Samoans. The general act contained a schedule of import duties and of internal taxes, to which the goods and persons of foreigners were to be uniformly subject.

In 1898 civil war broke out in Samoa over the question of succession to the kingship and open hostilities "abetted more or less openly by the Germans" 7 resulted. In March, 1899, the British and French naval officers intervened in the civil struggle on the side of one of the claimants, under protest of the Germans, and on April 1, 1899, American and British sailors, part of a force engaged in an attempt to destroy some native villages, were killed from ambuscade. The three protecting powers thereupon decided that the only way to govern the Samoan Islands was to divide them among the powers. Great Britain and Germany entered into a separate agreement, by which Great Britain surrendered her claim to one of the islands upon Germany's ceding to Great Britain certain islands in the Solomon group. On December 2, 1899, was signed and on February 16, 1900, proclaimed a convention between the United States, Germany, and Great Britain which annulled earlier treaties relating to Samoa and divided the group between the United States and Germany. The native authorities in April, 1900, acknowledged the sovereignty of the United States in the islands allotted to the United States by this convention.

On February 19, 1900, the President of the United States, by Executive order, placed the islands under the control of the Navy Department for a naval station, and instructed the Secretary of the Navy to take such steps as were necessary to establish the authority of the United States and to give to the islands the necessary protection. 8 The Secretary of the Navy on the same date appointed a naval officer as commandant over the islands with full authority. His regulations have the force of law in the islands, and in accordance with the instructions from the Navy Department, are not submitted for approval. Congress has passed no legislation dealing with the government or status of Samoa. "Neither the Constitution nor the laws of the United States have been extended to them [the Samoan Islands], and the only administrative authority existing in them is that derived mediatly or immediately from the President as Commander in Chief of the Army and Navy of the United States." 9

The government of Samoa is based on Regulation No. 5, of May 1, 1900, of the commandant of the naval station of Tutuila, which is still in force with amendments. 10

This regulation provides that the laws of the United States be in force unless expressly modified; that the Samoan customs, not in conflict with the law, shall be preserved; and that the native forms of government for local divisions be maintained; and it establishes a judicial system.

7 American Samoa, general report, p. 9.
8 Memoranda furnished by the Navy Department for the use of the Committee on Pacific Islands and Porto Rico, U. S. Senate, Washington, 1902, p. 38.
10 The text of this regulation is to be found in Tutuila: General orders issued by naval governor, in force January, 1903, Washington, 1903, pp. 13-17.
The expenses of government are met from the proceeds of taxation, and without subsidy from the United States. There is no public debt of any kind. License taxes are levied on occupations and on stores and warehouses. In addition, "native taxes" are assessed on each local district by the naval governor, and are collected by the local governing bodies in naval produce, the proceeds from the sale of such produce being turned over to a treasurer appointed by the governor. The native taxes are paid in copra, and most of the persons subject to license taxes are exempt from the native taxes. Additional revenue is secured from customs duties on imports.

THE TARIFF ON IMPORTS INTO AMERICAN SAMOA.

Article III of the convention of 1899, between the United States, Great Britain, and Germany stipulated that each of the signatory powers should enjoy equal privileges in the ports of the Samoan Islands with respect to commerce and shipping. 11

The first tariff on imports was enacted by regulation of the commandant, No. 2, of April 24, 1900. 12 It provided for specific duties on tobacco and cigars, and wines, liquors, and beer, and an ad valorem duty of 2 per cent on all other goods imported. The specific duties were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer, ale, or porter</td>
<td>$0.50 per gallon</td>
</tr>
<tr>
<td>Spirits and all spirituous compounds</td>
<td>2.50 do.</td>
</tr>
<tr>
<td>Wine, except sparkling</td>
<td>1.00 do.</td>
</tr>
<tr>
<td>Wine, sparkling</td>
<td>1.50 do.</td>
</tr>
<tr>
<td>Tobacco</td>
<td>.50 per pound</td>
</tr>
<tr>
<td>Cigars</td>
<td>1.00 do.</td>
</tr>
</tbody>
</table>

By subsequent regulations, the importation of alcoholic beverages was made subject to the grant of a special permit from the commandant, and the sale of such beverages to natives was prohibited. 13 The importation of opium except by permit was prohibited, and duties of $1 to $16 per pound on solid opium and 40 per cent ad valorem on liquid preparations thereof, were stipulated by Regulation No. 3, 1902. 14 Subsequent regulations totally prohibited the importation of opium, and prohibited the importation without special permit of medicines and drugs, stallions, all other animals except domestic animals, and firearms and ammunition.

The rates on imports are revised at irregular intervals by regulation of the commandant. The tariff in force in January, 1921, contains a free list of 11 items; a list of 7 articles subject to specific duties; 2 items subject to specified ad valorem duties; and a general provision for an ad valorem duty of 15 per cent for articles not elsewhere specified. In computing ad valorem duties, freight charges from the shipping point, but not fumigation, handling, and other overhead charges, are included. Shotgun cartridges are dutiable at 60 per cent ad valorem and other articles included under the term "arms," at 25 per cent.

11 For the annulment of the German rights under this article by the treaty of peace of 1919, see p. 577. For the attitude of the Government of New Zealand toward this treaty, see p. 277.
12 Tutuila: General orders, 1903, pp. 6-8.
13 Ibid., Regulations Nos. 10 (1900) and 19 and order of May 7, 1902.
14 Ibid., p. 72.
The list of articles subject to specific duties comprises tobacco and products thereof, nonalcoholic beverages, and firearms. The following are the specific duties:

Cigars and cheroots ........................................... per hundred .. $0.30
Cigarettes ......................................................... do ..  .10
Other tobacco .................................................. per pound .. .25
Ginger ale, soda water, mineral waters, etc.:
   In ½ pint bottles ............................................ per dozen .. .12
   In 1½ pint bottles ........................................... do .. .20
   In larger bottles ............................................ per gallon .. .10
Firearms .......................................................... each .. 4.00

The free list comprises fresh meat, fish, vegetables, and fruits; ice; live animals and birds; seeds, plants, bulbs, and cuttings; wearing apparel, articles of personal adornment, toilet articles, etc., of persons arriving, for their own use; school supplies and printed matter.

The duties of the Samoan tariff are collected on importations from the United States in like manner as on importations from foreign countries.

TREATMENT OF IMPORTS FROM SAMOA INTO THE UNITED STATES.

At the date of acquisition of Samoa by the United States the tariff act of 1897 was in force. As formal possession of Samoa by joint resolution of Congress had not been made, the question was soon raised as to whether merchandise shipped from Samoa to the United States was entitled to free entry. On December 6, 1900, the Department of State expressed the view that Pago Pago in Tutuila was not a "foreign port or place" within the meaning of the law imposing a tonnage tax upon vessels coming from a foreign port or place. On December 8, 1900, the Treasury Department ruled (T. D. 22661) that such a tax was not collectible upon a vessel from Pago Pago. In view of these opinions, the Attorney General issued an opinion on February 17, 1902, to the effect that United States tariff laws, imposing duties upon goods from "foreign countries," were not applicable to goods imported from American Samoa. As there are no exports from Samoa other than copra, which is on the free list of the United States tariff, the issue was not an important one. The subsequent tariff acts of the United States, by providing for the taxation of imports only from foreign countries, has continued the free admission into the United States of Samoan products. "Customs duties may be collected in the United States, however, on goods shipped from Tutuila, unless they are certified to be products of the islands or goods on which duty has been collected in those islands." Samoa presents the only instance of the grant by the United States of a preference to a territory which does not grant one in return.

COASTWISE TRADE.

The merchant marine act of July 5, 1920 (sec. 21), provides for the application to Samoa as an island territory or possession of the United States of the laws restricting trade between American ports to vessels of American registry. Vessels owned by Samoans are not entitled to American registry, but are entitled to fly the American flag.

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13 American Samoa, p. 11.
14 See p. 61.
15 American Samoa, etc., p. 11.
UNITED STATES.

GUAM.

GENERAL DESCRIPTION.

The island of Guam is the largest, most populous, and southern-most of the Ladrones (Mariannas), 1,506 miles from Manila, 3,337 miles from Honolulu, and 5,053 miles from San Francisco. It is 30 miles long, 7 miles in average width, and contains about 210 square miles. The principal town, Agana, with a population of 7,000, lies about 8 miles from the harbor of Apra. The population, originally Chamorros, now mingled with Tagalos and Malays, in 1920 numbered 13,275, including about 200 foreigners, exclusive of the Navy personnel and officials of the United States.

ACQUISITION AND GOVERNMENT.

The island was acquired by the treaty of Paris, signed December 10, 1898, which ended the war with Spain. Because of its strategic location between Hawaii and the Philippines, it was decided to make it serve solely as a naval station. Accordingly, a commander of the Navy was made governor, with full legislative, executive, and judicial powers. Such administrative control continues to the present time, and Congress, in fact, has never passed any legislation for the government of the island.

The following table shows what little trade there is for the years 1900, 1913, and 1919:

Table 19.—Total trade of Guam for 1900, 1913, and 1919.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Total value</th>
<th>From United States</th>
<th>From foreign countries</th>
<th>Total value</th>
<th>To United States</th>
<th>To foreign countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Percent of total</td>
<td>Value</td>
<td>Percent of total</td>
<td>Value</td>
<td>Percent of total</td>
</tr>
<tr>
<td>1900</td>
<td>160</td>
<td>75</td>
<td>66.5</td>
<td>75</td>
<td>100.0</td>
<td>13</td>
</tr>
<tr>
<td>1913</td>
<td>477</td>
<td>314</td>
<td>70.0</td>
<td>133</td>
<td>30.0</td>
<td>65</td>
</tr>
</tbody>
</table>

1 Figures are from United States Statistical Abstract, 1905, p. 229; 1914, p. 488; 1919, p. 539.

COMMERCIAL IMPORTANCE.

The tropical climate and fertile soil combine to support the purely agricultural population with little effort on their part. Copra is the most important product. Cacao, coffee, corn, sweet potatoes, and various fruits grow easily, but barely enough food is raised for immediate human needs. Copra is marketed for the natives by the governor and transported in naval vessels.

Table 20 shows the total income and expenditure and the principal sources of revenue and the main heads of expenditure for the fiscal year ending June 30, 1916.
Colonial Tariff Policies.

Table 20.—Revenues and expenditures of Guam for the fiscal year 1916.

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$15,300</td>
</tr>
<tr>
<td>Licenses and fees (excluding excise)</td>
<td>$10,200</td>
</tr>
<tr>
<td>Fines and court fees</td>
<td>$8,100</td>
</tr>
<tr>
<td>Excise</td>
<td>$9,700</td>
</tr>
<tr>
<td>Customs (including liquors)</td>
<td>$8,000</td>
</tr>
<tr>
<td>Receipts from sales of electricity, water, ice, etc.</td>
<td>$34,000</td>
</tr>
<tr>
<td>All other</td>
<td>$6,500</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>$91,800</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$5,200</td>
</tr>
<tr>
<td>Customs</td>
<td>$1,000</td>
</tr>
<tr>
<td>Executive</td>
<td>$13,100</td>
</tr>
<tr>
<td>Civil registry</td>
<td>$900</td>
</tr>
<tr>
<td>Education</td>
<td>$8,400</td>
</tr>
<tr>
<td>Judiciary</td>
<td>$6,000</td>
</tr>
<tr>
<td>Police</td>
<td>$4,900</td>
</tr>
<tr>
<td>Public works</td>
<td>$21,400</td>
</tr>
<tr>
<td>Treasury</td>
<td>$1,800</td>
</tr>
<tr>
<td>Maintenance of municipal and government undertaking</td>
<td>$24,400</td>
</tr>
<tr>
<td><strong>Total ordinary expenditures</strong></td>
<td><strong>$87,100</strong></td>
</tr>
<tr>
<td>Excess of receipts over ordinary expenditures</td>
<td><strong>$4,800</strong></td>
</tr>
</tbody>
</table>

Tariff Regulations.

The present schedule of customs duties has been in force since February 1, 1900, when a list of 197 items was specified by Executive order of the President. The free list includes live animals, raw cotton, and cotton yarns, fertilizers, newspapers, periodicals, and books, machinery of all kinds, and all articles brought in by travelers for personal use. Foodstuffs in general are taxed very lightly, from 0.06 to 0.50 of a peso ($0.03 to $0.25) per 100 kilos; boots and shoes on an average of 0.25 of a peso per pair; iron in various forms about 0.3 of a peso per 100 kilos; cotton goods, about 0.4 of a peso per kilo; and other commodities in similar ratio. After enumerating 169 items, the schedule provides for a 10 per cent ad valorem duty on crude materials not otherwise provided for and a 20 per cent ad valorem duty on "goods, wares, merchandise, and effects not otherwise enumerated." All articles from the United States enter free.

All products of Guam imported into the United States are free of duty, if accompanied by the required certificate of origin. But see page 579 for the provision of the Fordney bill regarding imports from Guam and Samoa.

The Virgin Islands.

General Description.

The West Indian Islands acquired by the United States from Denmark are three in number, namely, St. Thomas and St. John in the Virgin Islands, and St. Croix. Although the last named is not...
properly included in the Virgin Islands group, the three are now called the Virgin Islands of the United States. St. Thomas, the smallest of the three, lying 40 miles east of Porto Rico, is the most important, partly because it is a prominent coaling station and depot of trade with the West Indies, but primarily because of its splendid harbor. The island is 12 miles long from east to west and from 1 to 3 miles broad, comprising 30 square miles. Immediately east lies St. John, 8 miles long from east to west, comprising 20 square miles. Its port, Coral Bay, on the east side, is said to be the best harbor of refuge in the Antilles during cyclones. St. Croix, the largest of the three, lies 40 miles south of St. Thomas and 65 miles southeast of Porto Rico. It is of irregular breadth, 19 miles long, approximately 84 miles in area, and possesses two harbors.

St. Croix has a population of about 15,000, St. Thomas about 10,000, and St. John about 1,000 persons; about 80 per cent are negroes engaged in the cultivation of sugar cane. Christiansted, the capital of the group, situated on St. Croix, is the most important town. St. Thomas is important, as the natural port of call for all European trade bound to the West Indies, Central America, or northern South America.

**COMMERCIAL IMPORTANCE.**

The soil, especially in St. Croix, is very fertile and produces easily large crops of sugar cane, corn, and various vegetables. It is adapted also to the raising of pineapples, bananas, and other tropical fruits, the cultivation of which on a more extensive scale would yield rich rewards. A large part of the world's supply of bay rum comes from the islands, and Santa Cruz rum has for centuries been a well-known product. There are practically no manufacturing establishments except sugar-cane mills.

St. Thomas, once a very flourishing harbor, has fallen into decay. Formerly one of the chief bunkering ports of the West Indies, it has now lost all but a small fraction of its former business, so that the people of the city earnestly petitioned the congressional committee of investigation to make every effort to secure for their city the status of a free port. The following table shows imports and exports for 1918, 1919, and the first six months of 1920:

**Table 21.—Total trade of the Virgin Islands, 1918, 1919, and first six months of 1920.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports.</th>
<th>Exports.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total value.</td>
<td>From United States.</td>
</tr>
<tr>
<td></td>
<td>Value.</td>
<td>Per cent of total.</td>
</tr>
<tr>
<td>1918</td>
<td>1,892</td>
<td>1,802</td>
</tr>
<tr>
<td>1919</td>
<td>2,277</td>
<td>1,800</td>
</tr>
<tr>
<td>1920 (to June 30)</td>
<td>1,802</td>
<td>1,500</td>
</tr>
</tbody>
</table>

\[a\] Virgin Islands, report of joint commission, Congress of the United States, 1920, p. 8.
\[b\] Report of joint commission, p. 23.
\[c\] Supplement to Commerce Report, No. 77a, Sept. 22, 1920.
The values of principal commodities imported from the United States for 1918 and 1919 are shown in the following table:

**Table 22.** Value of imports into the Virgin Islands from the United States, by classes of commodities, 1918 and 1919.

<table>
<thead>
<tr>
<th>Commodity group</th>
<th>1918</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural implements</td>
<td>83,476</td>
<td>86,208</td>
</tr>
<tr>
<td>Breadstuffs</td>
<td>449,092</td>
<td>396,656</td>
</tr>
<tr>
<td>Chemicals</td>
<td>21,400</td>
<td>29,765</td>
</tr>
<tr>
<td>Cotton manufactures</td>
<td>105,329</td>
<td>151,884</td>
</tr>
<tr>
<td>Electrical machinery</td>
<td>19,780</td>
<td>20,548</td>
</tr>
<tr>
<td>Iron and steel, manufactures</td>
<td>135,547</td>
<td>148,927</td>
</tr>
<tr>
<td>Leather and manufactures</td>
<td>$46,394</td>
<td>$48,116</td>
</tr>
<tr>
<td>Meat products</td>
<td>110,960</td>
<td>98,601</td>
</tr>
<tr>
<td>Dairy products</td>
<td>65,723</td>
<td>79,883</td>
</tr>
<tr>
<td>Paper and manufactures of wood</td>
<td>28,432</td>
<td>38,311</td>
</tr>
<tr>
<td>Wood and manufactures of wood</td>
<td>40,339</td>
<td>50,347</td>
</tr>
</tbody>
</table>

1 Supplement to Commerce Reports, No. 77a, Sept. 22, 1920.

The values of exports to the United States by classes of commodities are indicated for the years 1918 and 1919 in the following table:

**Table 23.** Value of exports to the United States from the Virgin Islands, by classes of commodities, 1918 and 1919.

<table>
<thead>
<tr>
<th>Article</th>
<th>1918</th>
<th>1919</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar cane</td>
<td>$940,490</td>
<td>$1,307,832</td>
</tr>
<tr>
<td>Articles, the growth, produce, etc.</td>
<td>31,887</td>
<td>77,582</td>
</tr>
<tr>
<td>of the United States, returned</td>
<td>15,925</td>
<td>43,796</td>
</tr>
<tr>
<td>Animals, cattle</td>
<td>10,105</td>
<td>14,327</td>
</tr>
<tr>
<td>Dry cattle hides</td>
<td>5,623</td>
<td>9,860</td>
</tr>
<tr>
<td>Dry goatskins</td>
<td>$2,560</td>
<td>$4,400</td>
</tr>
<tr>
<td>Shells</td>
<td>26,216</td>
<td>1,302</td>
</tr>
<tr>
<td>Chemicals, drugs, etc. (all others)</td>
<td>38,571</td>
<td>...</td>
</tr>
<tr>
<td>Coffee</td>
<td>60,585</td>
<td>50,651</td>
</tr>
<tr>
<td>Total</td>
<td>1,137,501</td>
<td>1,556,129</td>
</tr>
</tbody>
</table>

1 Supplement to Commerce Reports, No. 77a, Sept. 22, 1920.

**ACQUISITION AND GOVERNMENT.**

After negotiations which extended over half a century, the United States acquired sovereignty over the islands by ratifications exchanged January 17, 1917. The treaty signed August 4, 1916, provided for the cession by Denmark to the United States of all her territory in the West Indies and of all public property therein, in exchange for $25,000,000 in gold to be paid within 90 days from the date of the exchange of ratifications of the treaty. Certain commercial concessions which had been granted by Denmark, such as the right of the Danish West Indian Bank to issue money, were to be continued by the United States in accordance with the terms of the concessions. Congress, by act of March 3, 1917, appropriated $25,000,000 to be paid to Denmark in fulfilment of the terms of the treaty.22

22 The United States first attempted to purchase the Danish West Indies in 1855. It was not, however, until July 17, 1896, that the United States made a definite offer of $5,000,000 for the three islands. Denmark demanded a higher price than this, and agreement was finally reached on the sum of $7,500,000 for the two islands, St. Thomas and St. John. The question of cession was first submitted to a plebiscite of the inhabitants of the islands, and was approved by 1,244 votes in favor and 22 against. The United States Senate refused, however, to ratify the treaty (1896). The purchase of the islands was again considered by Secretaries Foster and Olney during the Harrison and Cleveland administrations, but nothing came of it. On March 31, 1895, the Senate Committee on Foreign Relations reported to the Senate a bill authorizing the President to purchase the islands for use as a naval and coaling station. On January 24, 1902, representatives of the United States and Denmark signed a convention for the cession of the islands to the United States in return for a payment of $5,000,000 to be made to Denmark. This convention was ratified by the United States Senate on February 17, 1902, but it failed of ratification, by a vote of 32 to 33, in one house of the Danish Rigsdag.
The act of March 3, 1917, stipulated that, except as therein otherwise provided, all military, civil, and judicial powers necessary to govern the islands should be vested in a governor and in such person or persons as the President might appoint, and should be exercised in such manner as the President should direct, until Congress should provide for the government of these islands. The President was authorized to assign an officer of the Army or Navy to act as governor, provided, however, that the appointment should be made with the advice and consent of the Senate. A naval governor, reporting to the Navy Department, was later appointed.

The laws relating to elections and judicial tribunals, and the other local laws in force at the time of cession of the islands to the United States were to continue in force until Congress should otherwise provide, but with the approval of the President, or under such rules and regulations as the President should prescribe, any of these laws could be repealed, altered, or amended by the colonial council having jurisdiction, with the exception of laws imposing taxation.

FINANCE.

All laws imposing taxes, in effect on the date of ratification of the treaty of cession, were continued in effect, by the act of March 3, 1917, until Congress should otherwise provide, with the exceptions that American products were made free of customs duty upon importation into the islands, and that the export tax on sugar was increased.

The government revenues are raised largely by import duties, export duties on sugar, trade and lamp taxes, vehicle taxes, boat taxes, real estate taxes, tonnage fees, and a head tax on all persons leaving St. Thomas for other countries.23

Congress appropriates $100,000 annually to meet the deficit in the revenues of the islands, but the governor of the island has reported that this was proving insufficient. There was considerable poverty in the islands during the war, and it was estimated that fully 10 per cent of the population in 1919 were paupers.24

TARIFFS OF THE VIRGIN ISLANDS.

Section 4 of the act of March 3, 1917, stipulated that until Congress should otherwise provide all tax laws in effect on that date, including the customs laws and regulations, should, in so far as compatible with the changed sovereignty and not otherwise therein provided, continue in force, except that articles produced or manufactured in the United States should be admitted into the islands free of duty.25

Section 5 provided that the proceeds of such taxes should be used, under rules prescribed by the President, for the government and benefit of the islands. There were two separate tariffs on imports in force in the islands under the Danish régime, one for St. Croix and the other for St. Thomas and St. John. These continue in effect under the United States act of March 3, 1917, with the exception stated above that products of the United States enter free. The tariffs

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24 American Year Book, 1919, p. 269.
25 For provision for increase in export duty on sugar, see p. 623.
under the Danish régime were uniformly applied to imports from all sources, there being no preference to Danish goods.

THE TARIFF OF ST. CROIX.

The tariff of St. Croix \(^{26}\) consists of (a) the free list; (b) articles subject to specific duty; (c) articles subject to ad valorem duties assessed on official valuations stated in the tariff and dating from 1887 and 1906; (d) duties on spirituous liquors; and (e) duties on unenumerated articles.

The free list covers 20 items, including such articles essential to the industries of the island as hogsheads and puncheons for sugar, rum, and molasses; agricultural implements; apparatus for the distillation of rum and for sugar mills; machinery and parts thereof; coal; manures and fertilizers; and essential articles of consumption, such as fresh fish and fresh garden produce and vegetables.

The articles in the group subject to specific duties include only foodstuffs, namely, flour, bread, dried, salted, smoked, or pickled fish, butter, cheese, lard, peas, and beans. The duties range from 25 cents to $1.50 per 100 pounds, with the exception of peas and beans, which pay 25 cents per barrel.

The articles in groups (c) and (d) are miscellaneous in character. The official valuations appear to be moderate as a rule. In several instances, the ad valorem rates are based on actual valuations. The ad valorem duties are either 5 or 12\(\frac{1}{2}\) per cent.

The duty on spirits is $1 a gallon, on wine 25 per cent ad valorem, and on beer 20 per cent ad valorem, based on actual values.

Goods not enumerated in the tariff pay duty on an ad valorem basis assessed on the invoice value plus 25 per cent.\(^{27}\)

The duties are collected on imports from St. Thomas and St. John in the same manner as on imports from other sources, with the exception that for unenumerated articles 15 per cent is added to the invoice value for the purpose of customs assessment instead of 25 per cent.

Export duties of 5 per cent ad valorem on cotton and 3 per cent ad valorem on syrup, rum, and cottonseed are collected in St. Croix, presumably on exports to any country, including the United States. The United States act of March 3, 1917, substituted a duty of $8 per short ton of sugar in lieu of the duty of 6 per cent ad valorem then in force. At the time this duty was imposed, it was to be levied on exports to all countries, including the United States, and is the only export tax specifically enacted by the United States Congress in force anywhere in the United States or in its possessions.

The excise duty collected on rum manufactured in St. Croix containing up to 54 per cent of pure alcohol ranges from 20 cents to 50 cents a gallon, according to the alcoholic content. The import duty on rum is $1 a gallon. Loaf sugar pays a duty of 1\(\frac{1}{2}\) cents a pound. These duties may have been intended to have a protective effect with respect to domestic industries. The other duties levied are unquestionably in the main intended purely for revenue purposes.


\(^{27}\) "Goods not enumerated" means goods for which specific duties or official valuations are not specified in the tariff.
The Danish tariff for St. Thomas and St. John put into force on April 1, 1907, contains a general provision for the taxation of imports at the rate of 6 per cent ad valorem. There are a number of exceptions to this general rule, however:

(1) All goods for the Government admitted free.
(2) Fresh fish, fruits, and vegetables; coal, mules, and asses; printed books and stationery; gold and silver in ingots and coins and furniture and apparel owned by the importer, admitted free.
(3) Casks for sugar, rum, and molasses; staves, headings, and hoops; agricultural implements; equipment for sugar mills and mill timber; fire brick; machinery and parts; and manure, admitted free if imported for use in St. John and not landed at St. Thomas; subject to duty if landed at St. Thomas, the duty thus paid to be refunded in case it be proved to the satisfaction of the customs department that the goods have subsequently been put to use for agricultural purposes in St. Thomas or St. John.
(4) All goods on which duty has been paid in St. Croix, and which are imported in Danish vessels (the United States act of March 3, 1917, by implication at least, repeals this requirement and the similar requirement in the next section for importation in Danish vessels), admitted free.
(5) All products of St. Croix imported in Danish vessels, admitted free.

There were also provided export duties of 5 per cent ad valorem on sugar; and 6 bits ($0.012) per gallon on rum and molasses. The export duty on sugar was changed to $8 per short ton by the United States act of March 3, 1917.

TARIFF TREATMENT OF IMPORTS INTO THE UNITED STATES.

Section 3 of the act of March 3, 1917, provides that articles, the growth or product of the islands acquired from Denmark, or manufactured in these islands from materials the growth or product of these islands or of the United States, or those which do not contain foreign materials to more than 20 per cent of their total value, upon which no drawback of customs duties has been allowed in the islands, shall be admitted into the United States free of duty. Imports from these islands not coming under these provisions are made subject to the same rates of duty as are levied upon imports from foreign countries.

Congress, in section 1000 of the act of October 3, 1917, provided that imports into the United States from these islands and imports into these islands from the United States should be subject to the internal-revenue taxes of the country of destination only. The proceeds of all taxes and duties collected on imports into the United States from these islands are turned over to the insular treasury.

A provision which for a short time granted special treatment to certain products of the Virgin Islands is found in the act of February 24, 1919. By section 601 of this act, no distilled spirits, pro-

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28 Board of Trade Journal, June 20, 1907. 29 United States act of Mar. 3, 1917, sec. 5.
duced after October 3, 1917, might be imported into the United States from Porto Rico, the Philippines, or any foreign country, for use as a beverage or as an element in the manufacture of a beverage. But a parenthetical exception allowed the importation of distilled liquors from the Virgin Islands, provided they were "produced from products the growth of such islands," and provided they were not imported into a State, Territory, or district in which the manufacture or sale of intoxicating liquors was prohibited. It became impossible to comply with this last proviso when a constitutional amendment and a Federal statute prohibited the manufacture and sale of intoxicating liquors throughout the States and Territories.

**PANAMA CANAL ZONE.**

**ACQUISITION.**

On November 18, 1903, the United States concluded a convention with the Republic of Panama, whereby Panama was to receive $10,000,000 in gold upon the exchange of ratifications and, beginning nine years thereafter, $250,000 annually, during the life of the convention; and the United States was to receive "in perpetuity the use, occupation, and control of a zone of land and land under water for the construction, maintenance, operation, sanitation, and protection of said Canal." The zone was 10 miles wide, 5 miles on either side of the center line of the canal to be constructed, extending across the Isthmus, but not including the cities of Colon and Panama and their adjacent harbors. In addition, the United States acquired by this convention such other lands and waters outside the strip as might be necessary for the construction, maintenance, operation, or protection of the canal, as well as a number of small islands. All rights of government in the Canal Zone were transferred to the United States.

**GOVERNMENT.**

From 1904 to 1912 the administration of the Canal Zone was lodged, by direction of the President, in the hands of a commission. The present form of administration was constituted by the act of

30 In 1875 a French company began the construction on a large scale of a canal across the Isthmus of Panama, but in 1894 the company went into the hands of a receiver. The receiver organized a new company, but little further progress was made in actual construction. In the nineties, the United States began to take an active interest in the project for a transisthmian canal, and Congress authorized the employment of engineers to investigate the possibilities of the Nicaraguan and Panama routes. In 1901 the engineers reported in favor of the Panama route, provided the rights and properties of the new Panama Canal Co. could be purchased for an amount not exceeding $60,000,000.

By the Spooner Act of June 25, 1902, Congress authorized the President to acquire from the Republic of Panama perpetual control of a strip of land across the Isthmus of Panama, for the purpose of constructing, maintaining, operating, and protecting a canal, provided the rights of the Panama Canal Co. could be purchased for $30,000,000. The company was willing to sell its rights, but a treaty negotiated with Colombia in 1901, whereby the United States was to acquire the strip of land and the necessary control thereof, failed of ratification in Colombia. On November 18, 1901, the Province of Panama seceded from Colombia, and the United States at once recognized its independence.

31 Under the Spooner Act of 1902, the President had been authorized, upon the acquisition of the Canal Zone, to establish judicial tribunals to enforce the rules and regulations which he might deem proper and necessary to preserve order and public health, and to create an Isthmian Canal Commission of seven members, of whom four were to be skilled engineers. On April 28, 1903, Congress passed an act more specifically providing for the government of the Canal Zone. This law provided that until the expiration of the Fifty-eighth Congress (Mar. 4, 1905), unless provision for a temporary government were sooner made by Congress, all military, civil, and judicial powers, as well as the power to make all rules and regulations necessary for the government of the Canal Zone, and all the rights, powers, and authority granted by the terms of the convention to the United States were to be vested in such person or persons and should be exercised in such manner as the President might direct for the government of the Zone.

On Mar. 8, 1904, the President appointed the Isthmian Canal Commission. On May 9, 1904, the President placed the canal, its construction, and all work incident thereto, under the supervision of the Secre-
August 24, 1912, by which the President was authorized to discontinue the Isthmian Canal Commission when in his judgment the construction of the canal had reached a stage where it was no longer needed, and thereafter—

to complete, govern, and operate the Panama Canal and govern the Canal Zone, or cause them to be completed, governed, and operated, through a Governor of the Panama Canal and such other persons as he may deem competent to discharge the various duties connected with the completion, care, maintenance, sanitation, operation, government, and protection of the canal and Canal Zone.

Thus the whole administrative function was entrusted to the governor. At the same time the act ratified as binding all laws, orders, regulations, and ordinances adopted and promulgated in the Canal Zone by order of the President.

The result of this legislation is the creation of an establishment the main function of which is the operation and maintenance of the canal, in connection with which is a bureau of civil affairs sufficient for the government of the force engaged on the work, and of such other forces as may be required to continue residents of the zone until the depopulation is effected. While it still continues as a government by executive order it differs from the one in effect during the construction period in that the President is not permitted to change or in any way modify the orders already in effect, this necessitating action by Congress.32

TARIFF HISTORY.

Among the instructions of the President to the first Isthmian Commission was the order "to raise and appropriate revenues in said zone; and all taxes, judicial fines, customs duties, and other revenues levied and collected in said zone by or under the authority of said commission shall be retained, accounted for, and disbursed by said commission for its proper purposes."33 Where the effect of tax legislation would extend beyond the limits of the Canal Zone, as in the case of customs duties, the commission had no authority, and action by the President was necessary.34

On the recommendation of the commission, the President, through the Secretary of War, issued an order on June 24, 1904,35 constituting Cristobal on the north and Ancon on the south the customs ports of the Canal Zone, and opening the Canal Zone to the commerce of all nations. Duties were to be collected on imports from foreign countries equal to the duties collected on similar imports into the United States. Goods entering the Canal Zone from the

tary of War, and vested in the Isthmian Canal Commission all the governmental power over the Canal Zone given to him by the acts of June 28, 1902, and Apr. 28, 1901. The laws in force in the Canal Zone at the time of cession of the zone to the United States were to continue until altered or annulled. Authority was given to the commission to legislate on all subjects not inconsistent with the United States laws and treaties applicable to the zone, such legislative power to include the power to raise revenues in the zone by taxes and judicial fines, and by other means. Four members of the commission were to constitute a quorum for the purpose of legislation. Maj. Gen. George W. Davis was appointed first governor of the Canal Zone, with general executive power.

In September, 1904, the commission, acting in its legislative capacity, organized the department of civil administration as "the government of the Canal Zone," authorized to exercise judicial and executive rights of government in the Canal Zone, and consisting of the governor, the executive secretary, the treasurer, the auditor, a bureau of education, and departments of public health, revenues, police, prisons, and justice.

The commission continued to exercise its legislative powers until Mar. 4, 1905, when the Fifty-eighth Congress ended its term without providing legislation for the government of the zone, and without continuing the authority granted to the President by the act of Apr. 28, 1904. The President continued to govern through Executive orders.

By Executive orders of the President, from Apr. 1, 1905, to Jan. 8, 1908, all legislative and executive authority was vested in the chairman of the commission, and although the commission continued in existence, it exercised no executive authority.

33 Ibid., p. 17.
34 Ibid., p. 21.
35 The text of the order is printed in United States Foreign Relations, 1904, pp. 586, 587.
United States or its possessions were to be admitted free of duty. The governor of the Canal Zone was authorized to negotiate a "tentative agreement" providing for reciprocal trade relations with the Republic of Panama, and for "a readjustment of customs duties and tariff regulations so as to secure uniformity of rates and privileges and avoid the disadvantages resulting from different schedules, duties, and administrative measures in limited territory subject to the same conditions and not separated by natural obstacles." To carry out the terms of the order, a division of revenues, imports, and customs was established under the department of civil administration.

This order led immediately to protests from the merchants of Panama and the government of the Republic, and to serious controversies between officials of the Canal Zone and of the Republic. The merchants of Panama objected to the order on the ground that their sales in the Canal Zone would be lost to the merchants of the Canal Zone, because merchants in the Zone would be able under the order to import goods duty free from the United States, whereas the goods of the Panama merchants would be subject to the rates of the United States tariff act of 1897. The government of the Republic of Panama denied that the United States had acquired under the treaty of 1903 any rights of sovereignty over the ports of Ancon and Cristobal, and denied, further, that the administration of the Canal Zone had under that treaty the right to maintain its own fiscal system or to collect import duties in any part of the Zone. It urged also that the free admission of all American products and the collection of duties on foreign imports by the Canal Zone government would deprive the treasury of the Panama Republic of an important source of revenue.

Article III of the convention of 1903 is as follows:

The Republic of Panama grants to the United States all the rights, power, and authority within the zone * * * which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power, or authority.

The United States rested its claims on this article, but the Republic of Panama denied that it implied full and unlimited sovereignty. Article XIII granted to the United States the right to import at any time into the said zone and auxiliary lands, free of customs duties, impost, taxes, or other charges, and without any restrictions, any and all vessels, dredges, engines, cars, machinery, tools, explosives, materials, supplies, and other articles necessary and convenient in the construction, maintenance, operation, sanitation and protection of the canal and auxiliary works, and all provisions, medicines, clothing, supplies and other things necessary and convenient for the officers, employees, workmen and laborers in the service and employ of the United States and for their families.

Article X further enumerated effects which were to be free from taxation by the Republic of Panama in the Canal Zone, but made no mention of import duties. Article IX stipulated that the towns of Panama and Colon were to be free ports, but that the Republic of Panama could collect customs duties on goods landed there, if

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35 Socs. 1, 5, 6, 7, and 9.
destined for consumption in the rest of the Republic of Panama. The convention made no explicit provision, other than the exemptions from taxation stipulated in Article XIII quoted above, with regard to the taxation of imports into the Canal Zone. The Republic of Panama claimed, on the other hand, that its right to levy taxes within the Canal Zone was implicitly acknowledged in the convention by Articles X and XIII, which in surrendering the right to levy certain types of taxes implied the continued right to levy taxes of every kind not enumerated.

In order to settle the controversy, which was causing considerable excitement among the officials and public of Panama, the sections of the President's order of June 24, 1904, which authorized the governor of the Canal Zone to negotiate a customs agreement with Panama and which had theretofore been withheld from publication, were made known to the Panama Government on August 9, 1904, and a formal invitation was extended to Panama to enter into negotiations leading to a solution of the matters in controversy. This invitation was accepted, and in November, 1904, Secretary of War Taft was sent to Panama to carry on the negotiations for the United States. In the meanwhile an informal modus vivendi maintained the status quo.

An agreement was soon reached, and on December 3, 1904, the President issued an Executive order embodying the agreement, to take effect December 12, 1904.

Section 1 of the Executive order stipulated that no goods should be entered at Ancon or Cristobal, the ports of entry of the canal, except those described in Article XIII of the convention of 1903, except goods in transit across the isthmus for a destination without its limits, and except coal and fuel oil for passing ships, such coal and fuel oil to be admitted to these ports free of duty. All of these stipulations were made subject to the provisions that the ad valorem duties in the Panama tariff should be reduced from 15 per cent to 10 per cent; that the other duties in the Panama tariff except the duties on wines, liquors, alcohol, and opium should not be increased; that the consular fees and charges at the ports of Panama and Colon should be reduced to 60 per cent of the rates then in force; and that no direct or indirect charges other than the duties specified in the Panama tariff were to be imposed on goods imported at the ports of Panama and Colon and destined for the Canal Zone.

As for goods entering from Panama, section 4 of the Executive order revoked the section of the Executive order of June 24, 1904, providing that duties on importations into the Canal Zone were to be levied equal to the duties on foreign goods imported into the United States, and imports henceforth were made entirely free of duty. These stipulations were made subject to the provision that the Republic of Panama should grant reciprocal free admission of goods imported into the Republic from the Canal Zone.

The effect of this agreement was to make free ports of the terminals of the canal with respect to all purchases for the canal or its employees other than laborers ac-

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8 United States Foreign Relations, 1904, p. 597.
9 This order is printed in United States Foreign Relations, 1904, pp. 640-642, but apparently does not contain the full text of the agreement. See footnote on next page.
10 The agreement was made subject to the action of the Fifty-eighth Congress, as contemplated by the United States act of Apr. 28, 1904.
customed to the Tropics. On the other hand, the inhabitants of the zone, in contra-
distinction to canal employees, paid duty to the Republic of Panama on all mer-
chandise imported direct, and no duties were paid on articles passing from the
Republic of Panama to the Canal Zone, and vice versa. As a consequence the zone
revenues were depleted by all customs receipt. 12

TARIFF TREATMENT OF IMPORTS INTO THE UNITED STATES FROM PANAMA.

On March 3, 1905, or shortly after the signing of the Taft agree-
ment, Congress passed an act declaring that all laws affecting imports
into the United States from foreign countries apply to articles
imported from the Canal Zone. The full duties of the United States
tariff had hitherto been enforced against imports from the Canal
Zone, and this action was now confirmed by statute.

The United States tariff act of August 5, 1909, required that the
rates of duty prescribed in that act should be levied upon all articles
imported from any foreign country into the United States or into its
possessions, with the exception of the Philippines, Guam, and
Tutuila (American Samoa). If the Canal Zone had been a "pos-
session" in the meaning of this act, imports into the Canal Zone
from foreign countries would have become dutiable at the rates of
the United States tariff act of 1909. But the Attorney General
rendered an opinion to the effect that the Canal Zone was not one of
the possessions of the United States within the meaning of the act,
but rather "a place subject to the use, occupation, and control of the
United States for the purpose of constructing and maintaining a
ship canal connecting the waters of the Atlantic and Pacific Oceans,"
and that the tariff act of 1909 consequently did not apply to the
Canal Zone. 13 The act of March 3, 1905, therefore continued in
effect, making imports from the Canal Zone into the United States
subject to the general tariff rates.

No further changes have been made in the tariff relations of the
United States and the Canal Zone. Imports into the United States
from the Canal Zone are now subject, therefore, to the same duties
as are levied on imports from foreign countries under the tariff act of
1913 and subsequent tariff legislation, and imports into the Canal
Zone from the United States are subject to the terms of the Taft
agreement of 1904. In so far as tariff regulations are concerned,
since the agreement of 1904, the Canal Zone has not been regarded as
territorially separate from Panama. Exports entering the United
States pay duty as from Panama and imports from the United States,
except articles destined for Government officials and employees in
the Canal Zone pay the regular duties of Panama.

cit., p. 30) that this agreement excluded from the benefits of the commissions established by the Canal
Commission for the sale of the articles entitled to free admission under Article XIII of the convention of
1903 all employees who were natives of tropical countries, provided that the merchants of Panama could
supply them with their needs, but that it later transpired that they could not, and this provision was
consequently not enforced. He states also that this agreement was to continue in force, subject to action
by Congress, during the construction period of the canal. The Executive order of Dec. 3, 1904, con-
firming the agreement, makes no mention of these provisions.

The arrangement was practicable because of the purely Governmental nature of the Canal Zone, which
distinguishes it from all the other possessions of the United States—that is, no private commercial activity
is carried on within its borders; all "things necessary and convenient for the officers, employees, workmen,
and laborers in the service and employ of the United States, and for their families," who comprise the
entire stable population, are imported as Government stores; and in the nature of the case, there are no
exports.

COASTWISE SHIPPING LAWS NOT APPLIED TO CANAL ZONE.

The laws restricting the coastwise trade of the United States to vessels of American registry have never been applied to the trade between the United States and the Canal Zone. Section 21 of the merchant marine (Jones) act of July 5, 1920, provided for the extension of the coastwise laws to "the island Territories and possessions of the United States not now covered thereby," but as the Canal Zone is neither insular nor treated as a "possession" of the United States, this provision is not applicable to the Zone.

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PART II.

CHAPTER XII.

GROWTH OF PREFERENCE IN THE BRITISH EMPIRE, TO 1914.

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I. The Old Colonial System.

By way of introduction, brief reference will be made to certain phases of the colonial policy of Great Britain in the seventeenth and eighteenth centuries.

THE NAVIGATION ACTS.

In earlier days the Navigation Acts formed an important means of controlling the colonial trade in the interest of merchants and manufacturers of the mother country. Although they were of much earlier origin, the first important navigation act was passed in 1651. It was followed by the act of 1660, which, in substance, continued in effect for two hundred years. Originally designed to regulate commerce between England and her European neighbors, the Navigation Acts were later extended and modified so as to maintain a monopoly of the colonial trade. The chief provisions of the acts were as follows:

1. Certain specified articles—"the enumerated articles," including the chief articles of commerce—could be imported into England only in English ships or ships of the country of which they were the produce, or from which they were generally exported; but no produce of Asia, Africa, America, Russia, or Turkey could be imported except in British ships or ships of the producing country.

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(2) No goods could be carried between any two British ports except in British ships.

(3) No goods could be imported from any foreign country into any British colony except in British ships (including colonial ships), or in ships of the country of which they were the produce and from which they were exported.

No important modification was made in these laws until the nineteenth century. They were not strictly enforced against the American Colonies, however, until the middle of the eighteenth century. They are usually credited with transferring to British shipping an increasing share of the world's carrying trade and giving to British manufacturers the markets of the colonies and to British traders an entrepôt trade with the colonies in those articles which England could not herself produce.

TARIFF PREFERENCES TO BRITISH GOODS IN THE COLONIES.

In addition to the uniform duties on British and foreign goods which the colonial legislatures were authorized to levy, the imperial authorities levied duties on foreign products imported into the colonies, and thus created tariff preferences in the colonies for British goods. Occasionally the imperial authorities levied duties on imports of British goods into the colonies. Their guiding principle was that the duties on British imports in the colonies should be mainly for revenue purposes, while the duties on foreign imports into the colonies should be for the protection of British trade and industry.

FAVORS TO COLONIAL PRODUCTS IN GREAT BRITAIN.

In the latter part of the seventeenth century the cultivation of tobacco in England was discouraged for fiscal reasons, and the Virginia and Maryland tobacco planters received preferential treatment in the British tobacco market. During the eighteenth century various bounties were given to colonial products. The most important of these were the premiums granted upon the imports into England of iron and indigo and materials used in the construction of ships, such as timber, tar, and turpentine. During the Napoleonic Wars a preference was established on British North American timber as a favor to the shipbuilding, shipping, and timber interests of the eastern provinces. In 1815 a corn law was passed permitting the importation of British North American wheat whenever the price reached 67s. per quarter (approximately $1.56 per bushel) in England, whereas no other wheat could enter until the price in England reached 80s. per quarter (approximately $2.50 per bushel). Other grains from British North America also received concessions in the British market.

It was not, however, until the period from 1823 to 1846 that the preferential system entered its final and most comprehensive stage. The series of British Customs Acts which followed each other in rapid succession during this period made many additions to the list.

of colonial products upon which preferential duties were levied, as well as increases in the old preferences. The corn law of 1815 established an outright tariff preference to Canadian wheat, while in 1828 a similar tariff preference over foreign wheat was granted to the imports from other British colonies. In 1843 Canadian wheat and flour again received special preference.

The British preferences on colonial products were by no means confined to timber and wheat. By 1840 the preferential list in the British tariff contained over 82 items. In the tariff of 1842 (Peel’s tariff) the list was further extended. Of 1,825 items separately enumerated in this tariff, preferences to the colonies were granted on 375. Many of these preferences were on tropical products and therefore of no value to the northern colonies, but there were preferences on oats, barley, lumber, fish, and naval materials among other important Canadian products.

RELAXATION AND REPEAL OF THE NAVIGATION LAWS.

In 1817 the United States in retaliation for the prohibition against foreign vessels engaging in the trade of British colonies enacted legislation providing for a tax of $2 a ton upon foreign vessels entering an American port from a foreign port in which American vessels were not ordinarily permitted to enter and trade. This act was superseded by the navigation acts of 1818 and 1820, which prohibited altogether trade in British vessels between the United States and British colonies from which American vessels were excluded. Other countries were threatening to take similar retaliatory action when in 1823 the British Parliament passed the Reciprocity of Duties Act permitting, when reciprocal concessions were granted (1) direct trade in American or colonial ships between any American countries and British colonies but with restrictions upon the goods which could be imported into the colonies; and (2) direct export of colonial products from the colonies to European countries and direct import of certain enumerated articles from European countries into the colonies but only in British ships. In 1825 the list of enumerated articles upon which navigation restrictions were imposed was shortened and the importation of European produce even though on the enumerated list was permitted in ships of the country from which the goods were imported, whether or not this was the producing country. In 1828 Great Britain passed an act permitting the vessels of a foreign country to carry to a British colony all the products of that country and to carry from a British colony all of its products to any country except Great Britain and its possessions. The tariff preferences to British imports, however, remained in effect. By a series of treaties from 1823 to 1829 other relaxations were granted in return for reciprocal concessions. Notwithstanding these relaxations of the restrictions on foreign shipping and commerce, the intra-imperial trade continued to be a British shipping monopoly and remained so until 1849.

In 1849 after the victory of free-trade principles in Parliament, an act was passed abolishing with two exceptions all of the remaining restrictions of the Navigation Laws. These exceptions, the reservation of the coasting trade of the United Kingdom to British vessels and the provision that British ships if engaged in the coasting trade
must be entirely manned by British seamen and if engaged in the foreign trade must have three-fourths of the crew British, were removed in 1853. The argument for the abolition of the Navigation Laws was based partly on the ground that with the abolition of preferences to colonial products in Great Britain then under way (see next paragraph) it was unfair to the colonies to confine the intra-imperial trade to British ships when foreign ships might be available at lower cost, and partly on the expectation that their abolition would result in more favorable treatment of British ships by foreign countries.

THE TERMINATION OF THE BRITISH PREFERENCE TO COLONIAL PRODUCTS.

As the political restraints upon the colonies were being gradually removed, considerable opposition developed in England against the taxation of the English consumer in order to provide preferences to colonial products in the British market. This opposition became especially forceful during the free-trade agitation of the forties. At that time, the Peel ministry, in order to prevent the complete abolition of import duties which public opinion was demanding, was tying these duties up in as many cases as possible with preferences to colonial products. From 1842 to 1845, in response to the pressure of public opinion, the duties on foodstuffs and other articles imported into Great Britain were substantially reduced. In 1846 came the climax of the free-trade agitation, when Peel introduced the famous budget proposing the repeal of the Corn Laws and the substitution therefor of lower duties until 1849 and of the uniform registration fee from February 1, 1849, of 1s. per quarter, without discrimination, after the last named date, between colonial and foreign grain. The same measure proposed that the preferences on a number of other important colonial products, including timber, be reduced or repealed.

The Peel budget of 1846 marked the definitive transfer of the balance of political power in England from the agricultural interests to the manufacturers and merchants of the towns. The dominance of British merchants and manufacturers in the commerce of the world made it certain that as soon as they gained the political ascendancy in England tariff protection would go; and with the abolition of the Corn Laws the process of removing protective elements from the British tariff made a great forward step.

The abolition of the Corn Laws marked also the beginning of the end of preference to colonial products. By 1849 the last trace of preference on grains was removed. By 1853 all of the preferences except those on timber, foods, wine, and spirits had been abolished. In 1860 the last preferences remaining, those on timber and on wines, were terminated. (See pp. 738, 739.)

* The free-traders in England foresaw that a well-established imperial and preferential system would prove a lion in their path, and to this thought was due the ill-concealed or openly expressed desire of the most ardent among them, especially Bright and Cobden, that the colonies should become independent States. It was certainly in order to fortify the old national and imperial system, and to oppose *** complete free trade in corn and other things, that Peel and his colleagues extended in 1843 the differential tariff." Holland, Bernard: The Fall of Protection, p. 165.
THE ABOLITION OF THE COLONIAL PREFERENCES TO BRITISH PRODUCTS.

In 1842 an act was passed by Parliament abolishing all duties leviable in the colonies under the imperial authority, except upon certain foreign products which the Imperial Government continued to tax upon their importation into Canada "for the regulation of commerce," and permitting the colonies to levy duties as high as 5 per cent upon all other imports. The act provided, however, that if any colony imposed a higher duty upon a British product than was charged upon a similar foreign product, the tax on the foreign product should be increased by the amount of the difference. Where the combined imperial and colonial duties on foreign products exceeded 5 per cent, or the rate levied on British products, a colonial preference to the latter existed. Although the preference which colonial grain enjoyed in the British market was abolished in 1846, it was not convenient at that time for the colonies to abolish the preference to British goods since the reduction of the duty on foreign goods to 5 per cent would have deprived the colonies of a considerable part of their revenue. Later in the same year this situation was remedied by the passage of an act which permitted the colonies (with the consent of the Crown) to abolish all preference, either by raising the duties on British products to the foreign level or by reducing the foreign duties to the British level. Most of the colonies at once exercised their new privilege. By 1855 all the colonial preferences to British imports had disappeared, preceding by five years the abolition of the last British preferences to colonial products.

II. BRITISH TARIFF POLICY, 1860-1896.


From 1860 to 1880 the dominance of free-trade principles over the commercial policy of Great Britain was unquestioned. The negotiation in 1860 of the Cobden Treaty with France marked the full acceptance by the United Kingdom of the principle of free trade and the extension of this principle to the Continent. Many free-traders in England objected to the policy of reducing the tariff by treaty bargaining and affirmed that reductions should be made because they were, in themselves, beneficial to England regardless of what tariff policy other countries pursued. This attitude gained the ascendancy in England, and all subsequent tariff reductions in the sixties, including the important reductions of duty on sugar and cigars, were made as a matter of purely domestic policy on the part of England, no attempt being made to use them as a means of securing reciprocal concessions from other countries. Even in the case of the Cobden Treaty, the concessions promised to France were enacted as a general tariff measure to be enjoyed alike by all other countries. But France, on the other hand, extended to other countries the concessions she had made to Great Britain only in cases where the other countries made with her treaties similar to that into which she had entered with England. When the movement toward making treaties for tariff reform had once begun, the penalty for failure to participate grew with the negotiation of each new treaty. The incorporation
into these treaties of the unconditional most-favored-nation clause resulted, through the generalization amongst the treaty countries of the concessions made in each of the treaties, in a general lowering of tariffs. The expectation of the free-traders in England that other countries would soon follow England's example in liberalizing her tariff received in these years a considerable measure of fulfillment, although the continental countries did not fully accept, in their new tariffs, the principle of free trade. British dominance in industry, commerce, and shipping continued; and British manufacturers, merchants, and shipping interests had no reason to fear foreign competition. (From 1860 to 1874 the Liberals were in power in Great Britain; and when in 1874 the Tories were returned to power in a general election, their attention was so taken up with Indian frontier troubles, the question of the disposal of Constantinople, and the international rivalry for territory in Africa, that even if they had chosen to resume active support of the policy of protection, they were given little opportunity to do so.

**ATTITUDE TOWARD THE COLONIES.**

When in the forties and fifties, fiscal autonomy had been granted to the more important of the colonies, it was expected in England that the colonies would decide to follow the mother country's example, and would reduce and remove their duties on imports. But the imperial authorities soon encountered in the colonies a disposition to raise duties and in consequence attempted to resume some elements of the control which, under mistaken anticipations, they had relaxed. By earnest representation, advice, and threat of veto they often succeeded in warding off or moderating proposed increases in colonial tariffs. They were determined, also, that the British policy of uniform duties without preference or discrimination should be followed by the colonies, and they interpreted the measure of fiscal autonomy which had been granted to the colonies as not covering the right to establish differential duties. Attempts by the colonies to establish preferences in favor of British goods or of the goods of other British colonies were vetoed year after year, and in the execution of this policy measures aiming at reciprocity between neighboring colonies were disapproved.

**AGREEMENT BY TREATY NOT TO ESTABLISH PREFERENCE.**

The British Government went so far in its policy of eliminating all tariff preferences within the Empire as to oblige itself in treaties with foreign countries not to establish or to permit the colonies to establish certain forms of preference. In the Cobden Treaty of 1860 with France, Great Britain agreed to give up the preference on colonial rum and to admit rum from the French colonies at the same rates of duty as rum from the British colonies. In 1862 in a treaty with Belgium and in 1865 in a treaty with the German Zollverein, Great Britain bound her colonies to accord as favorable treatment to the products of the treaty country as they granted to British goods, and thus obligated them, without consulting them beforehand, to maintain the open door. By this time practically all the colonies whose population was mainly white had been granted
responsible government. The British Government, therefore, dictated by treaties with foreign countries the fiscal policies of the colonies, although it had granted fiscal autonomy to them by statute. For over 30 years these two treaties stood in the way of the establishment by the colonies of preference to British products, for not only would Belgium and the Zollverein have been entitled, by virtue of these treaties, to any concessions made by the colonies to the mother country, but a number of other unconditional most-favored-nation treaties to which Great Britain had made the colonies parties, without consulting them, would have operated to extend any such concessions to practically the entire commercial world. These treaties not only prevented the colonies from initiating preferences in their tariff legislation, but in several important instances led to the veto by the imperial authorities, or to the repeal by colonial legislature, upon representations made by the imperial authorities, of preferential measures already passed.

THE MOVEMENT TOWARD PROTECTION, 1880–1896.

GREAT BRITAIN AT A DISADVANTAGE IN TARIFF BARGAINING.

The middle of the seventies marked the beginning of a trend in European tariff relations decidedly disadvantageous to Great Britain. The British ascendancy in commerce and industry continued, but not in so great a degree as formerly, and the commercial rivals of Great Britain were beginning to compete keenly with the British exporters in the markets of Europe. Moreover, a revival of protectionism was getting under way in the cabinet; and Great Britain found new disabilities put on her foreign trade. France in 1872 withdrew from the Cobden Treaty, and the new agreements which Great Britain succeeded in negotiating in that year and in 1874 were not so advantageous as the previous arrangement. In 1881 France published a new general tariff; and in 1882, after negotiations for a new commercial treaty had failed, she passed a law granting Great Britain most-favored-nation treatment, but on the basis of the distinctly higher conventional tariff resulting from the new series of French commercial treaties with other countries. Moreover, the failure to secure a most-favored-nation treaty with France, in respect to tariff rates, left Great Britain without any guarantee of the continuance of favorable treatment of her exports to France. The same French law, in retaliation for the protectionist tendencies of the British self-governing colonies, provided for the taxation of their products at the general and not the lower conventional rates of the French tariff.

Austria refused in 1877 to negotiate a tariff treaty with Great Britain, and the Austrian Government frankly declared that although it was willing to negotiate tariff treaties with France, Italy, and Germany, it could grant only most-favored-nation treatment to Great Britain because, as a result of the adoption of free trade, she had nothing to offer in return for concessions. Similar unfavorable results were obtained from negotiations with Italy upon the termination of an old treaty, while the results of the termination of old treaties with Spain and Portugal were even more disadvantageous to Great Britain. From 1877 on Spain granted her conventional
had herself, tariff on the free-and period. She sive result important involved the reciprocal most-favored-nation treatment was guaranteed by treaty. The tariff relations of Great Britain with the other major countries involved less difficulty since they continued to use single-column tariffs.

Great Britain was thus unsuccessful in her negotiations with her important European commercial and industrial rivals. As a result of her free-trade policy she was unable to grant tariff concessions in return for tariff concessions, and she found herself playing a passive role in the commercial negotiations of the seventies and eighties. She emerged from the great series of treaty negotiations of this period in a position much less advantageous than that which she had gained for herself during the short period of the dominance of free-trade principles in European commercial policies.

A further disadvantage came in 1890 when the United States passed the McKinley tariff, which increased in a marked degree the duties on British exports—especially on such staple articles of British manufacture as tinplate, cutlery, and manufactures of wool, flax, hemp, and jute. Only the continued use of most-favored-nation clauses in commercial treaties safeguarded Great Britain from outright tariff discrimination, but these commercial treaties were negotiated in the interests of other countries, and her gains therefrom, although important, were incidental and not the result of deliberate plan or intention on the one side or the other.

**THE REVIVAL OF PROTECTIONISM IN GREAT BRITAIN.**

As a result of the changed conditions in which Great Britain found herself, signs of a returning protectionist sentiment became manifest—a sentiment which was still further stimulated by the industrial depression of the period 1874–1880. At first the demand was for "reciprocity," that is, that free admission into Great Britain of foreign products should be granted only in return for reciprocal concessions by foreign countries. Toward the end of the seventies the agitation for countervailing duties against bountied sugar brought support to the protectionist movement; while the denunciation by France in 1879 of her commercial treaties with Great Britain with the avowed intention of raising her already protective duties on British products gave rise to considerable misgivings as to the expediency of Great Britain's isolated free-trade policy.

**IMPERIAL PREFERENCE, IMPERIAL FEDERATION, AND PROTECTION.**

From Canada, from Cape Colony and from other parts of the Empire there began to come in the seventies indications that a return to the policy of imperial preference would be welcomed. In 1879 Sir John A. MacDonald, premier of Canada, made an informal offer of reciprocal preference to the British Government. But
clauses in Great Britain's commercial treaties with Belgium and Germany at that time stood in the way of British reciprocity with Canada and those countries were unwilling to grant Great Britain's request to cancel the offending clauses without surrendering the entire treaties.

In the eighties the idea of imperial preference was bound up with that of imperial federation and both of these ideas secured the support of the protectionists. A number of influential organizations were formed to promote these views. In 1881 The National Fair Trade League was founded with a program advocating protective duties on the manufactured products of countries which did not admit British manufactured products free of duty, moderate duties on foodstuffs imported from countries granting fair treatment to British goods, and free importation of foodstuffs from the colonies. In return for this free admission of colonial foodstuffs the colonies were to admit products of British industries, if not free of duty, at least at rates substantially lower than the rates imposed on imports from foreign countries. This was set forth as a "great national policy which, while stimulating trade at home, and promoting the prosperity of all classes, would bind together more closely, by the ties of a common interest, the mother country and her scattered populations, strengthening the foundations and consolidating the power and greatness of the Empire."^2

The growing sentiment in Great Britain in favor of bringing the various parts of the Empire into a closer and more interdependent union led further in 1884 to the foundation of the Imperial Federation League in England and to the establishment of offshoot organizations, in subsequent years, in several of the colonies. The membership of the league included supporters of all the British political parties, and its establishment was greeted with widespread approval. In its early years, beyond the efforts to create popular support for the idea of political federation, the federation's program consisted of little but the endeavor to secure a distribution throughout the entire Empire of the burden of imperial defense which was then being borne entirely by the mother country. The policy of commercial federation was not accepted; what was sought was an imperial "Kriegsverein" (military league) and not a "Zollverein" (customs union). But in the colonies the policy of political federation obtained more support than the policy of the sharing by the colonies in the burden of imperial defense. The colonial organizations both in Canada and in Australia soon substituted in their programs Zollverein ideas for the Kriegsverein supported by the parent organization.

THE COLONIAL CONFERENCE, 1887.

As a result of the sentiment developed by the Imperial Federation League a colonial conference was summoned to meet in London in 1887. In issuing the call for the conference the secretary of state for the colonies named imperial defense and the promotion of commercial relations as subjects to be considered along with others to be submitted by the colonial representatives and added by way of warn-

^2 From the Program of The National Fair Trade League, 1881, quoted by Karl J. Fuchs, in The Trade Policy of Great Britain and Her Colonies Since 1860, p. 190.
ing that he would deprecate the introduction of proposals for “what is known as political federation.” In order to settle any question about its constitutional authority he explained that the conference would be purely consultative in character. At the conference the representatives of the British Government were interested in promoting the reorganization of the system of imperial defense in such a way as to devolve a part of the financial burden upon the colonies. The colonial representatives on the other hand desired closer commercial relations and were interested in proposals of imperial preference.

Among the suggestions put forward by the latter was a proposal by Mr. Jan Hofmeyr, a delegate from Cape Colony, that commerce within the Empire should be encouraged by imposing a uniform duty—the amount suggested was 2 per cent—on all imports entering the Empire from foreign countries, and that the revenue thereby acquired should be applied to the defense of the Empire. In discussing his proposal, Mr. Hofmeyr stated that if the proposed imperial tariff should amount to an infraction of the most-favored-nation clause in commercial treaties, “it may be as well that for the future England should take care that when treaties are entered into the most-favored-nation clause is not applied against its colonies to the same extent and in the same way as if these colonies were foreign powers, instead of being integral parts of the Empire itself.”

It was also proposed that permission should be given to other self-governing colonies to enter into direct negotiations with foreign powers in regard to trade and commerce, as had been allowed in the case of Canada.

PROGRESS OF THE MOVEMENT FOR IMPERIAL PREFERENCE.

In 1891 a number of events of importance occurred which brought the question of imperial commercial policy to the foreground of public discussion. In Canada the Conservatives won a general election by opposing unrestricted commercial reciprocity with the United States on the ground, among others, that the close economic and political relationship with the United States which would result would be an obstacle to the entrance of Canada into closer political and commercial union with the rest of the Empire. In the same year (1891) a tariff war between Canada and Newfoundland broke out, caused by legislation enacted by Newfoundland against Canadian fishermen in retaliation for the action of Canada in persuading the imperial authorities to disapprove the Bond-Blaine Reciprocity Convention of 1890 between Newfoundland and the United States. Newfoundland also created a further problem for the imperial authorities by refusing to acknowledge a modus vivendi entered into by Great Britain and France to govern the use of the Newfoundland fisheries, until the British Parliament was about to enact legislation to carry out its obligations in the face of the opposition of the colony.

In the same year representatives of the Australian colonies met in convention to consider the establishment of a political union, and the course to be adopted by the convention with regard to political and commercial relations with the mother country was awaited with anxiety in England.

It was in 1891 also that Sir Gordon Sprigg, Premier of Cape Colony, made a plea before the London branch of the Imperial Federation League for a policy of imperial trade preference.

In the same year a resolution was introduced in both houses of the British Parliament, urging that an imperial conference be summoned to discuss questions connected with intra-imperial trade, the formation of an imperial defense fund, and the enactment of retaliatory duties against foreign countries imposing protective duties on British products. The project was rejected, however, by Lord Salisbury, the premier, on the ground that conditions were not ripe for any immediate movement in the direction indicated in the resolutions. In the House of Commons, Mr. Goschen, the chancellor of the exchequer, urged that the question of a closer union of the Empire be not tied up with the fiscal controversy.

Following the rejection by the government of the resolution just mentioned a controversy within the ranks of the Imperial Federation League resulted in a split in the organization, those favoring the project of a commercial union founding a new organization called the United Empire Trade League to further their program. The Imperial Federation League adhered to its original program of advocating imperial federation through organization for imperial defense.

Agitation for Repeal of Treaties Standing in the Way of Preference.

In the preceding year (1890), Sir Charles Tupper, Canadian high commissioner at London, acting on behalf of all the colonial representatives, had already presented to the British Government a request for the denunciation of the Belgian and German treaties and for the formal concession of the principle that no commercial treaties should in the future be binding on the colonies without their assent. The newly organized United Empire Trade League now opened an attack on the treaties with Germany and Belgium, demanding their denunciation; but Lord Salisbury replied to their representations that while the Government could not understand why the objectionable clauses had ever been inserted the treaties were valuable to Great Britain and that not until the people of the country showed themselves clearly opposed to their continuance could the Government consider the question of their termination. The United Empire Trade League thereupon transferred their agitation to Canada; and as a result of their campaign, in September, 1891, the Canadian Parliament again petitioned for the denunciation of the German and Belgian treaties. The colonial secretary refused, however, even to consider the request. He took the stand that even if the treaties were terminated, Canada would not have the right she was seeking to enter into reciprocity agreements with foreign states or with other colonies, and that to acquire this right Canada would have to secure authorizing legislation from Great Britain. Moreover, the denunciation of the treaties could not be considered because that would involve the complete derangement of the whole system of British commercial relations.

On November 25, 1891, the convention of the Conservative Party of the United Kingdom at Birmingham passed a resolution, only five dissentient votes being cast, favoring the establishment of preferen-

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tial trade within the Empire and urging the denunciation of any commercial treaties which hindered the consummation of such a policy. On April 28, 1892, only a few days after the unfavorable reply of the British Government to the request of the Canadian Parliament for the denunciation of the Belgian and German treaties, the Canadian Parliament passed a resolution offering a substantial reduction of duties on British manufactures in return for a preference in the British market to Canadian products. This resolution was brought to the attention of the British Government in the House of Lords by the Earl of Dunraven, who urged the adoption of the Canadian plan, including a moderate duty on foreign grain. Lord Balfour, replying on behalf of the Government, refused to consider the proposal.

Later in the same year (1892), at a congress of chambers of commerce of the British Empire held in London, the question of imperial preference was hotly debated. A resolution for an imperial commercial union with differential duties against foreign countries, but without intra-imperial free trade, was lost by 33 to 55, voting by chambers, the opposition coming mainly from chambers of commerce in England and the Crown colonies, and the support mainly from Canadian chambers. A resolution for general free trade, and another resolution for a commercial union "on the basis of freer trade within the Empire" were both carried. This last resolution as originally submitted had called for commercial union "on the basis of free trade within the Empire," but in the final draft "freer" had been substituted for free.

In the same year a general election in Great Britain resulted in a victory for the Liberals under Gladstone, and the change in Government removed all prospects of an early attainment of the projects for commercial union.

OTTAWA COLONIAL CONFERENCE, 1894.

In 1894 the Canadian Government, despairing of any action being taken by the British Government toward the establishment of preferential trade within the Empire, summoned a conference of the colonies to Ottawa to deal with the question of the commercial relations of the Empire. All of the self-governing colonies except Newfoundland and Natal were represented. A representative of the British Government, Lord Jersey, was present, but took only a passive part in the proceedings.

The general feeling among the colonial representatives that Great Britain was not prepared to adopt a fiscal policy which would make possible the grant of tariff preferences to the colonies led to the chief emphasis being placed on the desirability of establishing preferential trade arrangements among the colonies themselves. Resolutions were unanimously adopted calling for imperial legislation to enable the colonies to enter into agreements of commercial reciprocity, including the power of making differential tariffs with one another and with Great Britain, and expressing the opinion that any provisions in existing treaties hindering such action should be removed. The conference also recorded its belief in the advisability of a preferential customs arrangement between Great Britain and her colonies and

urged the desirability of the colonies or some of them establishing a system of customs preference without waiting for the mother country to become a partner in the arrangement.

It had been pointed out in the conference that only one-fourth of the trade of Great Britain was with the colonies and less than one-sixth with the self-governing colonies. In accord with these facts those who opposed calling upon Great Britain to change her commercial policy urged that the colonies would not have sufficient to offer the mother country in return for the favors requested of her, that England’s free-trade policy provided for colonial products an open market greater than if England were to adopt protection, and that it was not proper for the colonies to suggest to Great Britain what her fiscal policy should be. The proponents of reciprocal preferences argued on the other hand that free admission of colonial products into Great Britain was not a favor to the colonies, since free admission was equally enjoyed by products of foreign countries, whereas protection if accompanied by preferential arrangement with the colonies was in the interest of Great Britain. It was further proposed that the colonies should wait no longer for the assent of Great Britain to a scheme of preferential trade in which she herself was to take a part but should immediately proceed to further preferential arrangements among themselves, and that, if the time should come when England should place duties on goods, a preferential arrangement might well be made with her taking the form of an advantage of 5 per cent in the British duties on foodstuffs from the colonies in return for a similar concession to British manufactures in the colonies.

Lord Jersey, representing Great Britain at the conference, in his report of the proceedings to the British Government advised that favorable consideration be given to the unanimous request of the colonies for the removal of all restrictions whether treaty or statutory which stood in the way of intercolonial preferential arrangements, and he pointed out that the treaties with Belgium and the German Zollverein would not preclude either the making of preferential arrangements between the colonies themselves or the grant by Great Britain of specially advantageous terms to the colonies, but that they would have the effect of preventing Great Britain herself from sharing in any benefit which might be given by one colony to another. The resolutions did not contemplate a real customs union, Lord Jersey explained, as the colonies were not prepared to admit British goods free in return for free admission of their own goods.

**BRITISH REPLY TO COLONIAL RESOLUTIONS.**

The colonial secretary, the Marquess of Ripon, replied to the proposal of the colonies, on behalf of the British Government, in a lengthy dispatch, which frankly and vigorously criticised the resolutions adopted by the conference. The proposal for reciprocal preference between Great Britain and the colonies, he argued, would require for its realization a complete reversal of the fiscal and commercial system of Great Britain. Differential duties, he stated, were open to all the objections from the consumer’s point of view which could be urged.

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against a general duty, and had to meet the additional objection that they dislocated trade by their tendency to divert it from its regular and natural channels. He pointed out that the total trade of the Empire with foreign countries far exceeded the trade between the various members constituting the Empire; that the volume of the trade upon which new taxation was to be placed therefore exceeded the volume which would be partially relieved from taxation; that there would result both increased taxation and a net loss of trade, the burden of which in both cases would fall with greatest severity on those parts of the Empire which had the largest proportion of foreign trade; that the gains to the colonies, if there were any gains in the long run, which he doubted, would be altogether incommensurate with the loss to the mother country; that retaliation by foreign countries might result; and that the proposal would require the taxation of food and raw material imported into the United Kingdom with a resultant handicap to British export trade in its competition with other countries.

The proposal that the colonies be permitted to enter into reciprocal tariff relations with each other, he opposed on the ground that it would be difficult for one colony to give a preference in its markets to the trade of another solely at the expense of the foreigner and without inflicting serious injury on the commerce of Great Britain or of other colonies. The request of the colonies that they be freed from the restrictions imposed upon them by the Belgian and Zollverein treaties, he refused on the grounds that both countries had been approached unsuccessfully with a view to their assenting to the denunciation of the particular clauses relating to the colonies without impairing the effectiveness of the remaining provisions of the treaties, and that the advantages to be derived from permitting the United Kingdom to enjoy preferential treatment in the colonies were not sufficient to outweigh the disadvantages to Great Britain involved in the denunciation of the entire treaties, and the resultant danger that Belgium and the Zollverein might withhold most-favored-nation treatment from British products. He pointed out that the annual exports from the United Kingdom to Belgium and Germany were over £41,000,000, whereas the annual exports to the self-governing colonies amounted to only £35,000,000; that no scheme had been proposed which foreshadowed any precise advantages to be secured to the British export trade to the colonies in the event of the termination of the treaties; and that the colonies themselves, if the treaties were terminated, would probably lose the privilege of most-favored-nation treatment from the treaty countries. The only concession to the colonies which he consented to make on behalf of the British Government was the repeal of the clause in the Constitution Acts of the Australian colonies prohibiting the imposition of differential duties, but even this concession was qualified by the requirements that any bill passed by a colonial legislature providing for the imposition of such duties should be reserved for the consideration of the imperial authorities.
III. The Movement for Imperial Preference, 1896-1914.

CONGRESS OF THE CHAMBERS OF COMMERCE, 1896.

In 1895 the Liberal ministry in England went out of office and was succeeded by a Conservative ministry with Lord Salisbury as prime minister. There had been for many years past a growing uneasiness on the part of British manufacturers and publicists arising from the failure of British trade to maintain its old position in colonial and other markets, and the revival of protectionism which recurred with perfect regularity in years of commercial depression gained much of its strength from the fear that England was losing her commercial supremacy. One of the first official acts of the new colonial secretary, Joseph Chamberlain, was to send a circular letter to the governors of the colonies calling attention to the successful competition of foreign goods in the colonies and requesting special information on the subject.

The third congress of the chambers of commerce of the Empire met in London in June, 1896. The Toronto Board of Trade had sent to this congress as its representative Mr. E. B. Osler with a resolution for preferential trade. This resolution proposed free trade within the Empire, but with the reservation to each part of the Empire of the right to fix the duties on foreign goods as its own interests might dictate. Mr. Chamberlain, who had opened the proceedings of the congress with an appeal for commercial union, expressed himself as in favor of the Osler plan with the result that it was presented in the form of a resolution for the approval of the congress.

The Canadian representatives, however, were not all willing to support the Osler resolution. To many of them the free admission of British products to Canada seemed a greater concession than was advisable in view of the need of Canadian industry for protection against British as well as against foreign competition. In order to obtain unity amongst the Canadian delegation, Donald Smith (later Lord Strathcona) moved an amendment calling simply for "a customs arrangement between Great Britain and her colonies and India, on the basis of preferential treatment." He explained that this amendment had received the approval of the supporters of the Osler resolution, and expressed the wish that it be adopted and that it might lead to the summoning of another imperial conference in London to arrange the details. This amended resolution was passed by the congress, although by only a small majority.

THE COLONIAL CONFERENCE.\(^{8}\)

In the spring of 1897, on the occasion of the Queen's diamond jubilee, there was held in London a colonial conference at which the colonies were represented by their premiers. Mr. Chamberlain, who presided, stated in his opening address that "the question of the future relations, political and commercial, between the self-governing colonies and the United Kingdom" was the most important and at the same time the most difficult of the subjects before the conference for consideration. Arguing for closer commercial relations, he

\(^{8}\) Gt. Brit., Parl. Papers, 1897, C. 8396.
stressed the importance of bringing to the "reenforcement of sentiment the motives which are derived from material and personal interest." He admitted that the differences between the fiscal systems of the various portions of the Empire would make it extremely difficult to accomplish a commercial union of the Empire akin to the unity achieved by the German Empire by means of the Zollverein. Referring to the grant by Canada earlier in this year of a tariff preference and to the claims of Belgium and Germany, under their treaties with Great Britain, to share in its benefits, Mr. Chamberlain made the following statement:

Her Majesty's Government desire to know from the colonies whether, so far as they are concerned, if it be found that the arrangements proposed by Canada are inconsistent with the conditions of those treaties, they desire that those treaties shall be denounced. If that be the unanimous wish of the colonies, after considering the effect of that denunciation upon them as well as upon us, because they also are concerned in the arrangements which are made by these treaties, then all I can say at the present time is that Her Majesty's Government will most earnestly consider such a recommendation from the colonies, and will give to it the favorable regard which such a memorial deserves.

The conference was held in secret and very little of the proceedings was published. Respecting commercial relations, only two resolutions were passed, both unanimously. One resolution urged "the denunciation, at the earliest convenient time, of any treaties which now hamper the commercial relations between Great Britain and her colonies." The other resolution recommended "that in the hope of improving the trade relations between the mother country and the colonies, the premiers present undertake to confer with their colleagues with the view to seeing whether such a result can be properly secured by a preference given by the colonies to the products of the United Kingdom." No resolution was reported for reciprocal preference by the mother country to the colonies.

**TERMINATION OF THE TREATIES WITH BELGIUM AND THE ZOLLVEREIN.**

The Imperial Government proceeded without delay to terminate the treaties with Belgium and the Zollverein. On July 30, 1897, Lord Salisbury, who was foreign secretary as well as prime minister, gave the necessary 12 months' notice for termination. He stated, as reason for the termination, that the provisions in the treaties which applied to the British colonies "constitute a barrier against the internal fiscal arrangements of the British Empire, which is inconsistent with the close ties of commercial intercourse which subsist and should be consolidated between the mother country and the colonies." Belgium agreed to enter into a new treaty which left the British colonies freedom of action. Germany refused to sign a new treaty with Great Britain from which the British colonies would be excepted, but on May 11, 1898, she put into effect a special law which accorded to Great Britain and to the British colonies, with the exception of Canada, the continued enjoyment of most-favored-nation privileges in Germany. Canadian products, however, were subjected on importation into Germany after July 30, 1898, to the rates of the general tariff.

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The termination of the Belgian and German treaties removed all restrictions on the establishment of preferential arrangements within the British Empire. The other most-favored-nation treaties to which Canada was a party were not an obstacle, since they guaranteed to the signatory countries only as favorable treatment in Canada as was granted to any foreign country.

COLONIAL CONFERENCE AT LONDON, 1902.

During the interval between 1897 and 1902, when the next conference was held, the Boer War engrossed the attention of the whole Empire. The war feeling and the assistance given by the colonies had stimulated imperialist sentiment almost to fever heat, and much was anticipated from the conference which Mr. Chamberlain, taking advantage of the presence in London of the colonial premiers in connection with the coronation of Edward VII, summoned in 1902. But the results of the conference were disappointing to those who favored closer union, political or commercial, of the Empire.

Mr. Chamberlain, in opening the conference, declared that its paramount object was to strengthen the bonds which united the Empire, and that there were only three important avenues through which this object could be approached, (1) through the political relations to each other of the various portions of the Empire; (2) by some kind of commercial union; and (3) through consideration of the questions arising out of the problem of imperial defense. With reference to the commercial relations of the Empire, he stated that the Imperial Government had no proposals to submit. He pointed out, however, that the Empire both derived the greater part of its necessaries from foreign countries and exported the largest part of its surplus produce to foreign countries. He believed that the Empire could, if it chose, be self-supporting, and that everything which would tend to promote such self-sufficiency was desirable. He declared that the first object of the conference should be the promotion of free trade within the Empire, with a possible reservation permitting revenue duties on imports in the colonies where fiscal conditions appeared to require it. He maintained that the Canadian preference—established in 1897 and increased in 1898 and 1900—had proved of little substantial value to British trade, and he showed little enthusiasm for the preference proposals of the colonies. If colonial tariffs left sufficient protection to colonial industry to exclude, or almost to exclude, British imports, what advantage, he asked, would there be to British trade in the taxation at even higher rates of similar imports from foreign countries, especially when the most important imports from foreign countries entered under more favorable conditions? Great Britain, he said, was grateful for any preference granted by the colonies, but could make no return until the colonies went much further and enabled British imports to enter under more favorable conditions than those then existing.

PREFERENCE PROPOSALS AND RESOLUTIONS.

The discussion which took place in regard to commercial relations resulted in the submitting by the colonial representatives of proposals which they were prepared to recommend to their Governments for
the establishment or the extension of preference in their respective colonies. It was proposed that:

(1) Canada should continue the existing preference of 33\(\frac{3}{4}\) per cent and grant additional preferences on selected articles
   (a) by further reducing the duties in favor of the United Kingdom,
   (b) by raising the duties against foreign imports, and
   (c) by imposing duties on certain foreign imports then on the free list.

(2) Australia was to establish a preference but without as yet any definition of its nature or extent.

(3) New Zealand was to grant a general preference by a 10 per cent reduction of the existing duties on British manufactured goods or an equivalent in respect of selected articles on the lines proposed by Canada for the increase of her existing preference.

(4) Cape Colony and Natal were to give a preference of 25 per cent of the existing duties or its equivalent on goods subject to an ad valorem duty by increasing the duties on foreign imports.

A general resolution was finally adopted to cover the principle underlying the various proposals made by the colonial representatives. This was as follows: 11

1. That this conference recognizes that the principle of preferential trade between the United Kingdom and His Majesty’s Dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire.

2. That this conference recognizes that, in the present circumstances of the colonies, it is not practicable to adopt a general system of free trade as between the mother country and the British Dominions beyond the seas.

3. That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

4. That the prime ministers of the colonies respectfully urge on His Majesty’s Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the colonies, either by exemption from or reduction of duties now or hereafter imposed.

5. That the prime ministers present at the conference undertake to submit to their respective Governments at the earliest opportunity the principle of the resolution, and to request them to take such measures as may be necessary to give effect to it.

The following resolution, urging preference to products of the Empire in Government contracts, was also adopted: 12

That in all Government contracts, whether in the case of the colonial or the Imperial Governments, it is desirable that, as far as practicable, the products of the Empire should be preferred to the products of foreign countries.

With a view to promoting this result it is suggested that where such contracts can not be filled in the country in which the supplies are required, the fullest practicable notice of the requirements and of the conditions of tender should be given both in the colonies and the United Kingdom and that this notice should be communicated through official channels as well as through the press.

THE “CORN” DUTIES, 1902–3. 13

The war budget of 1902 revived, for revenue purposes, the old registration duty of 1 shilling per quarter on imports of wheat. At the colonial conference of 1902 the representatives of the colonies

11 q. see Brit., Parl. Papers, 1902, Cd. 1299, p. 36.
12 ibid. p. X.
13 “Corn” in Great Britain means grain and flour.
pointed out that a British preference on colonial grain would now mean taking off taxation in favor of the colonies instead of putting on taxation, and urged that colonial grain be exempted from the duty. Increased pressure came from the colonies, especially from Canada, for the exemption of colonial grain and flour from the duty after the sessions of the colonial conference had ended. Toward the end of 1902, Mr. Chamberlain was converted to the proposal, and urged upon his colleagues in the cabinet that they grant the request of the colonies. Sir Michael Hicks-Beach, the chancellor of the exchequer, upon whose initiative the duty had been imposed, had planned it as a source of revenue, and was unwilling to reduce or remove it or to impair its productiveness in any way. He resigned from the exchequer in this year, and in 1903, while Chamberlain was in South Africa on a Government mission, the new chancellor of the exchequer, Mr. C. T. Ritchie, announced in his budget speech that the duty was to be wholly repealed on foreign as on colonial wheat. This action appears to have been intended to forestall the establishment of a preference to the colonies and was taken without the knowledge of Mr. Chamberlain.

THE BRUSSELS SUGAR CONVENTION, 1902.

Prior to September 1, 1903, prohibitory import duties, high excise taxes, and export bounties on sugar had long prevailed throughout continental Europe. This operated as a serious handicap to the producers of cane sugar, and in the British sugar-growing colonies there resulted acute economic depression. In 1902 Great Britain informed the European sugar-growing countries that unless bounties were abolished, she would penalize all imports of bounty sugar. This resulted in the Brussels convention, signed on March 5, 1902, effective from September 1, 1903, to which Great Britain and all the important European sugar-growing countries, except Russia, were signatories. In order to equalize the competition of sugar on the international market by eliminating all legislative aid to exported sugar, the convention prohibited all bounties on production or exportation and all special exemptions from duty, and limited the excess of import duty over excise tax to a maximum of 53 cents per 100 pounds in the case of refined sugar and 48 cents in the case of raw. Countervailing duties were to be imposed on sugar imported into any of the signatory countries from countries granting direct or indirect bounties.

Great Britain was not a producer of sugar, and the cheapening in the price of sugar in Great Britain which resulted from the export and production bounties appears to have stimulated the development and to have augmented the prosperity of the British confectionery, biscuit, and jam industries. The main, if not the only, reason for the insistence upon the abolition of the bounties was the desire to protect the colonial sugar-cane industries from the unfair competition with European beet sugar.

In a protocol to the convention, Great Britain promised that no bounty, direct or indirect, would be granted to the sugar of the Crown colonies during the continuance of the convention. Great Britain also agreed that "as an exceptional measure, and reserving in principle entire liberty of action as regards the fiscal relations between the United Kingdom and its colonies and possessions,"
during the continuance of the convention the United Kingdom would grant no preference to colonial sugars as against sugars from any of the contracting States. This provision was the occasion of some criticism in Parliament, but the Government felt it to be a necessary concession in order to secure the discontinuance of the practice of granting bounties on sugar.

PREFERENCES IN CROWN COLONIES.

While Mr. Chamberlain was colonial secretary (1895–1903) the policy of prohibiting the establishment of differential tariffs in Crown colonies was departed from in several instances. Cecil Rhodes had endeavored already in 1894 and 1895 to secure permission to incorporate in the charter for Rhodesia a clause limiting the maximum duties to be imposed on British goods. In 1898 and 1899 such clauses were inserted in the orders in council providing for the administration of Rhodesia and resulted, later, in bringing into effect an extraordinary preference. In May, 1903, the customs conference of the South African colonies—most of which were at this time under the direct administration of the Crown—was not only permitted, but persuaded to establish a preference, in its new tariff, on British imports. In the same month, the British Residents in the four Federated Malay States proclaimed an export surtax, prohibitory in amount, on tin ore, unless shipped to be smelted in the Straits Settlements. In 1904 the export surtax was removed from tin ore shipped to the United Kingdom to be smelted. (See p. 337.)

CONTROVERSY WITH GERMANY IN REGARD TO COLONIAL PREFERENCES, 1903.

In 1898, following upon Great Britain’s denunciation of her treaty of 1865 with the German Zollverein and Canada’s adoption in the same year of a policy of preference to British imports, Germany withheld most-favored-nation treatment from Canada but continued to grant it to Great Britain and the remainder of the Empire by provisional legislation.

Canada protested to the colonial office against the action of the Bundesrat, pointing out that Germany received in Canada as favorable treatment as was enjoyed by any other foreign country. The protest was forwarded to the German Government. It maintained in reply that the action of Germany was justified, inasmuch as by the new Canadian tariff Germany was deprived of the privilege of equal treatment with Great Britain which she had enjoyed uninterrupted for thirty years. In 1901 Canada herself took up the matter with the German consul general at Montreal, but nothing resulted therefrom.

The pledges given by the colonial representatives at the colonial conference of 1902 to recommend to their Governments new measures of preference to British trade and the reports in the press in 1903 that preferential treatment for British imports were under consideration

14 Board of Trade Journal, Mar. 29, 1902, p. 541.
16 See Ch. XV, p. 756.
17 See Ch. XV, p. 743.
in South Africa and New Zealand led to a general belief in Germany that the movement for a commercial union of the British Empire was about to become successful and that as a result German trade would find itself forced out of the British and British colonial markets. On April 15, 1903, the British ambassador to Germany was informed that as the South African colonies had decided to grant preference to British imports, the desirability of excluding them as well as Canada from most-favored-nation treatment was under consideration, and it was further intimated that if the Australian colonies should also establish preference, Germany would withhold most-favored-nation treatment from Great Britain herself.

Meanwhile in Canada the minister of finance, Mr. Fielding, on April 16, 1903, announced to the House of Commons the failure of negotiations with the German consul general in Canada to secure most-favored-nation treatment for Canadian products in Germany and the intention of the Government to introduce retaliatory legislation in the form of a surtax on imports from Germany. Germany replied on April 23, 1903, with another threat of retaliation against Great Britain.

The British Government met German threats with counter-threats. Mr. Chamberlain, in a speech at Birmingham on May 15, 1903, asked for tariff retaliation. He characterized the German refusal to recognize the domestic character of the Canadian preference, her penalization of Canada and her threats of retaliation against other colonies and England, herself, if the policy of preference should receive further extension, as "a policy of dictation and interference." Germany would not have followed such a policy, he declared, were it not for the opinion prevalent in Germany that Great Britain was "so wedded to our fiscal system that we can not interfere, that we can not defend our colonies, and that in fact any of them which attempts to establish any kind of special relations with us does so at her own risk and must be left to bear the brunt of foreign hostility." 18

In the House of Commons and in the House of Lords, and in a long exchange of correspondence between the foreign offices of the two countries, the British Government announced its purpose of meeting with severe retaliation any attempt by Germany to penalize preferential tariffs in any portion of the Empire. On June 17, 1903, Chamberlain was able to point out that since the question of British retaliation had been raised, nothing more was heard as to Germany's threatened withdrawal of most-favored-nation treatment from British products. A dispatch of the Marquis of Lansdowne, the British foreign secretary, to the German Government concluded as follows:

Should the German Government, however, persist in the attitude which they had taken up on this matter, and, further, extend to the products of other British colonies, and even to those of the United Kingdom, whose tariff is at the present moment based upon the most liberal principles, the discrimination which they have enforced against Canada, a very wide and serious issue must inevitably be raised involving the fiscal relations of this country and the German Empire.

One of the points made by Germany in defense of her policy was that "if the English colonies are to be in a position to follow out their own customs policy, other countries must be allowed to treat them as separate customs territories."

18 Canadian Annual Review, 1903, pp. 256, ff.
In December, 1903, a tariff debate took place in the German Reichstag. The discussion indicated a very general desire to avoid any display of irritation at Canada’s surtax upon German goods on the ground that it would only strengthen the hands of Mr. Chamberlain and the British tariff reformers. On December 12, 1903, the Reichstag adopted a fiscal measure which granted to the British Empire most-favored-nation treatment for a further term of two years, and did not provide for any retaliation against South Africa, which had just adopted a preference to British products. The law continuing the grant of most-favored-nation treatment to the British Empire provided, however, that the same conditions should rule regarding its application that prevailed before June 11, 1901, which meant that Canada was still excluded from the benefit of the German conventional tariff.

Canada was left to carry on her fight with Germany by herself. On October 24, 1903, the Canadian surtax law came into effect and was enforced upon German goods imported into Canada. The tariff war between Canada and Germany lasted for seven years, and was terminated in 1910 upon Germany’s initiative, Canada removing the surtax and Germany granting the conventional rates of her tariff to most of the important items of Canadian export to Germany.

This episode is of significance as the only case brought to public notice, since the retaliation in 1817-1820 by the United States against the old colonial preferences, of an attempt by another country to retaliate against the policy of preferential tariffs within the British Empire. It failed, largely because the great degree of dependence of German trade and industry on the markets and raw materials of the British Empire placed in British hands a powerful weapon of counter-retaliation.

CHAMBERLAIN’S CAMPAIGN FOR IMPERIAL PREFERENCE, 1903–4.

In 1903 Mr. Chamberlain became fully converted to the idea that the best interests of the trade of the Empire demanded imperial preference. In a speech in Parliament on May 15 he came out definitely for preference. Since in the interests of British industry raw materials must not be taxed, and since the colonies were not exporters of manufactures, he urged that moderate duties be placed on foodstuffs, with exemption for colonial produce. A tax of 2s. per quarter on wheat would be sufficient, he thought, and would not be protective in character. While this plan would place the burden of preferences on the laboring classes of Great Britain, they could be compensated by social legislation, he said, and relieved by the remission of some of the existing indirect taxes. In September Mr. Chamberlain resigned from the cabinet in order to be free to devote himself to the creation of sentiment for a policy of preference and protection. In a speaking campaign launched in Glasgow, October 6, 1903, he came out frankly and earnestly for a scheme of customs duties in Great Britain as a measure of protection to British industries, for bargaining and retaliatory purposes, and as the basis of tariff preferences to imports from the colonies. Foreign grain was to be taxed one or two shillings per quarter; colonial grain was to be

19 Canadian Annual Review, 1904, p. 376.
admitted free; flour was to be taxed proportionately higher in order to revive the British milling industry; foreign meats and dairy products were to be taxed at 5 per cent ad valorem, with a remission of duty on colonial products; wines and fruits produced in the colonies should also receive a preference; competitive foreign manufactures were to be taxed 10 per cent. In return the colonies should agree not to enter upon the production of articles whose manufacture was not yet developed in the colonies but was important in the mother country; tariff walls should not be raised against British products in the colonies, and should be lowered where such action would not conflict with colonial policies.

To support his program, Chamberlain pictured British industry as decadent, and as threatened by foreign competition in its home market; and he predicted disaster for even the great British shipping industries if a more exclusive trade policy were not adopted. His campaign divided the Unionist Party and was vigorously opposed by the Liberals. Moreover, in the colonies his suggestion of "forbidden industries," resembling one of the most unpopular features of the old colonial system, and his repeated statements that the mother country must adopt preference because the colonies demanded it and otherwise the unity of the Empire would be endangered, were denounced by many who were otherwise his most ardent supporters, and in Great Britain the Unionist Party refused to make a formal acknowledgment of support of the Chamberlain plan.

Mr. Chamberlain in frankly adopting the principles of protection had been moved, undoubtedly, by the need of finding a broader basis of support for his scheme of preference if it were to be realized in legislation. There were many people in Great Britain who would give support to protection who could not be greatly interested in preference alone. Further to enlist the support of such people, Mr. Chamberlain, toward the end of 1903, organized a tariff reform league, whose purpose was to promote the adoption by Great Britain of a protective tariff. Shortly afterwards he founded a subsidiary organization, the tariff commission, to carry on research in tariff and industrial problems and to issue reports on its findings. An extensive propaganda was carried on by these organizations in the endeavor to convert the British public to protection. In the reports of the tariff commission on various industries the evidence given indicated very clearly that the main sources of support came from manufacturers who were more concerned with protection at home and a preferential reduction of tariff barriers in the colonies than with preference to the colonies in Great Britain. In some cases manufacturers, pleading for protection in their own industries, recommended that preference to the colonies should take the form of reductions and not of complete remissions of duties.

The "Tariff Reform" Movement, 1906.

In 1906 a general election in England, which the Conservatives attempted to fight on the issue of home rule and other topics not dealing with the fiscal question, but which the Liberals fought on the ground that their opponents were committed to protection, resulted in an overwhelming defeat of the Unionist government. Whereas in the previous election held in 1900 there had been returned to the
House 402 Conservatives and Unionists, in the election of 1906 only 158 Conservatives and Unionists were successful at the polls. The new Government was definitely committed against protection and preference.

Mr. Chamberlain from 1906 was prevented by serious illness from taking an active part in public affairs. In spite of the overwhelming defeat the Unionists had just received at the polls in an election in which the fiscal question was a prominent issue, Mr. Balfour, a leader of the Unionists in the House of Commons, on February 14, 1906, publicly affirmed, by means of a letter to Mr. Chamberlain, that "fiscal reform is and must remain the first constructive work of the Unionist party." 26

One of the major political parties of Great Britain thus committed itself to protection for the first time in over half a century. Mr. Balfour set forth as the object of fiscal reform "to secure more equal terms of competition for British trade and closer commercial union with the colonies," and, as a possible method, he thought it would be proper to establish "a moderate general tariff on manufactured goods, not imposed for the purpose of raising prices or giving artificial protection against legitimate competition, and the imposition of a small duty on foreign corn."

THE COLONIAL CONFERENCE OF 1907.

At the colonial conference of 1902 it had been agreed that the conference was to meet every four years. Another conference was due, therefore, in 1906, but it was inconvenient for some of the colonies to send representatives in that year, and the conference was not summoned until early in 1907. At this time there was no chance of securing the immediate establishment of reciprocal preference. On March 19, 1905, Lord Rosebery, one of the leaders of the Liberal Party, in a speech at Esher, had referred to the approaching colonial conference as follows:

I trust it will fall to a Liberal Government to summon that conference and to preside over its labors. But they must state quite frankly to the conference when it assembles, or in the circular summoning the conference, that though it may meet for many useful purposes and may consider all the practical questions relating to the Empire under the sun, there is one point on which the Government have no mandate to deal, and that is the question of taxed food and raw material. Outside that limit there is a whole field of discussion before them and I do not doubt that such a conference would be of great practical use. 21

Similar statements were made by other Liberal leaders. The Liberals won the general election of 1906 and thereby gained the privilege of presiding over the next colonial conference.

There took place at the conference a great "preference debate," in the course of which it was made evident that the colonies were practically unanimous in favor of intra-imperial preference. All of the self-governing Dominions except Newfoundland had already enacted measures of preference to British imports. 22 In the course of the debate the colonial representatives, and especially the representatives from Australia and Cape Colony, made ardent and eloquent

21 Canadian Annual Review, 1905, p. 430.
22 The Australian preference measure of 1906 had been reserved, however, by the Governor General. See chapter on Australia. For a minor preference established in Newfoundland early in 1907, see p. 734.
pleas for a return preference by Great Britain to colonial products. The British representatives, however, were too near to their victory on the fiscal issue to be at all sympathetic. Mr. Asquith pointed out that since, after an extensive "tariff reform" campaign and after the fullest examination and discussion, the people of England had declared in favor of free trade by a great majority, his Government could not embark upon a program which would violate that principle. He asserted that free trade was essential to Great Britain in the peculiar position she occupied in the commerce of the world. To establish a preference which would be of substantial value to the colonies would require the taxation of raw materials imported from foreign countries—a policy which could not be considered. The colonies had been granted full fiscal autonomy. They must consent to the exercise of a like measure of autonomy by the mother country. Great Britain was appreciative, he said, of the preferences which the colonies had granted, but their effect on British trade had not been important. The other British representatives at the conference, Mr. Lloyd George, then president of the Board of Trade, and Mr. Winston Churchill, under secretary of state for the colonies, argued along the same lines.

Mr. Lloyd George was, of the British representatives, most conciliatory in his position with respect to the plea of the colonial representatives for preference. He suggested that it would be worth while to consider other measures for promoting the trade of the Empire, such as improved means of communication and improved commercial intelligence, which would not involve a conflict of principles between the colonies and the mother country.

Preference Resolutions.

Australia had submitted to the conference, in addition to the resolutions which had been adopted in 1902, two resolutions relating to preference. One of these urged the establishment of a preference in Great Britain for colonial products. Sir Wilfrid Laurier, representing Canada, declared he could not support this resolution under the existing circumstances. The other resolution declared that it was desirable that any preference accorded in the colonies to British trade be also granted to the trade of other self-governing colonies. Laurier at first gave his support to this resolution, but he later qualified it by stating that he wanted reciprocity, i. e., no preference granted to a self-governing colony which did not itself grant a preference. He asked to have the motion for its adoption delayed, and as a result it never came to vote.23

The resolutions adopted at the conference of 1902 at the suggestion of Laurier were reaffirmed, but with the reservation by the British Government that they could not assent, so far as the United Kingdom was concerned, to the resolutions, in so far as they implied that it was necessary or expedient that the fiscal system of the United Kingdom be altered.24

A resolution by Dr. Jameson (Cape Colony), affirming that Great Britain should now take into consideration the possibility of granting a preference to all portions of the Empire on the articles then dutiable

23 Ibid., p. VII.
24 Ibid., p. 3523, p. 429.
in the British tariff, on the ground that it had already sanctioned the
principle of preference in the South African customs union, including
the protectorates of Basutoland and Bechuanaland under imperial
control, was passed by the conference, but with Botha (for the Trans-
vaal) and the representatives of the United Kingdom dissenting, and
Laurier absent. 25

Mr. Deakin, of Australia, later submitted a resolution recommending
that "in order to provide funds for developing trade, commerce, the
means of communication and those of transport within the Empire, a
duty of 1 per cent upon all foreign imports shall be levied, or an
equivalent contribution made by each of its legislatures," 26 Lloyd
George pointed out that on this basis England would contribute £7½
to each £1 contributed by all the self-governing Dominions, and
Canada £4 to Australia's £1; and remarked that the resolution indi-
cated, at any rate, what proportion of the cost of preferential treat-
ment should, in Mr. Deakin's opinion, be borne by the mother
country and by the self-governing Dominions, respectively. Laurier
also opposed the resolution on the grounds that for practical schemes
for improving commerce the various colonies would be prepared to
vote the necessary funds, that any such schemes should be dealt with
on their own merits and not tied up with proposals for preferential
trade, and that it was a violation of constitutional principles to pro-
vide money in advance without voting it for a specific purpose. 27

The preference debate ended with the adoption of a resolution sub-
mitted by the British representatives, reading, after amendment, as
follows:

That, without prejudice to the resolutions already accepted or the reservation of
His Majesty's Government, this conference, recognizing the importance of promoting
greater freedom and fuller development of commercial intercourse within the Empire,
believes that these objects may be best secured by leaving to each part of the Empire
liberty of action in selecting the most suitable means for attaining them, having
regard to its own special conditions and requirements, and that every effort should
be made to bring about cooperation in matters of mutual interest. 28

THE "TARIFF REFORM" MOVEMENT, 1907–1912.

Before 1906 the fear of the Unionists that formal adherence of the
party to the tariff-reform policy would cause division in the ranks
of their party, whose main bond of union was opposition to home rule,
had served to prevent them from making it a definitely avowed party
policy. After the election of 1906 this policy of caution was aban-
doned, as has been shown, and in the following years extensive campaigns for protection were given the full support of the Unionist
Party. On November 20, 1909, Mr. Balfour once more pledged his
party to fiscal reform, but he avoided a definite support of food taxes.

In 1909 Mr. Lloyd George, then chancellor of the exchequer in the
Liberal Government, submitted his famous budget, which proposed
that the revenues for an ambitious scheme of social legislation and
for a greatly increased expenditure on the navy be provided from
increased direct taxation on incomes and land, without recourse to
new import taxation. The Liberals were able to carry the budget

26 Ibid., pp. 519 and 527.
27 Ibid., p. 443.
28 Ibid., p. VII.
in the House of Commons, but the Lords threw it out, and a general election followed in January, 1910. The Unionists in this election accepted tariff reform as an issue, but the Liberals were returned, although with a majority substantially less than that they had gained in their tremendous victory in 1906. The two Houses again failed to come to an agreement, however, and in December, 1910, the Liberals once more appealed to the people in a general election in which tariff reform was made an important issue by the Liberals. The Unionists, however, feared that this issue endangered their chances of success in the election. Balfour, therefore, declared that the election did not turn on the question of tariff reform and agreed to submit the question to a popular referendum for decision if his party should be returned to power. The Liberals were again reelected, with almost precisely the same majority as in the previous election.

In November, 1911, Mr. Balfour resigned the leadership of the Unionists. At the same time, Mr. Austen Chamberlain, a son of Joseph Chamberlain and one of the leaders of the party, abandoned the referendum policy. "Tariff reform," he declared, "is now part and parcel of conservatism, without need of further mandate, sanction, or approbation. The moment the Unionist Party are returned to power they will set about converting their tariff-reform propaganda, their principles of imperial preference, and of fair and equal treatment for their own people, into a statutory form." Mr. Bonar Law was chosen to succeed Mr. Balfour as leader of the Unionist Party. In December, 1911, Mr. Austen Chamberlain declared that the Unionists proposed to levy taxes on foreign foodstuffs and manufactures with reductions or remissions of duty on colonial products. But a few days later Mr. Bonar Law said that his party if returned to office would call a conference of the Dominions, and only if they requested it would the Government impose taxes on food. In Canada there was resentment against this attempt to shift upon the colonies the responsibility of deciding the domestic fiscal policy of the mother country.

In November, 1912, the Unionist Party definitely abandoned the referendum policy, and committed itself without reservations to tariff reform, including taxes on foodstuffs. There resulted some opposition from the free-trade wing of the party. In order to maintain the unity of the party, most of the Unionist members in the House of Commons pledged themselves to a tariff on manufactures with preference to the colonies, and left the question of food taxes to future decision, in consultation with the colonies. This compromise on the question of food taxes was to the more enthusiastic tariff reformers a severe blow. It was generally acknowledged that, without taxes on food, preference to colonial products could not be made of great value to the self-governing Dominions.

THE IMPERIAL CONFERENCE OF 1911.

In 1911 another conference of representatives of Great Britain and the colonies was held in London. In conformity with a resolution passed at the colonial conference of 1907 the title of "imperial con-

29 Upon the resignation of Mr. Bonar Law in April, 1921, Mr. Austen Chamberlain was recognized as leader of the Unionist forces in the Coalition Government.

30 Cobden Club Pamphlet: A Decade of Tariff Fooling, p. 39.
ference” was assumed. The British representatives at the conference were determined not to permit a repetition of the “preference debate” of 1907, and succeeded in keeping preference off the program. The conference confined itself to the discussion of such matters as the improvement of cable services and of shipping facilities between the various parts of the Empire.

IV. Summary.

In the forties and fifties of the last century Great Britain adopted a thoroughgoing free-trade policy. She abolished practically all her customs duties, including the preferential duties on colonial products, and she opened to foreign vessels even the coasting trade of the United Kingdom. Until nearly the end of the nineteenth century the British held so firmly to free trade that they did not even accede to the desire of certain colonies to establish preferential tariffs in favor of British trade. None the less, from about 1880 the nationalistic and protectionist trend of world opinion began to manifest itself in the fiscal policies of the Dominions and in the political discussions of the mother country. The trend of opinion in Great Britain may be seen in two closely related phases—protection and imperial preference. The protectionist idea was dominant in the “fair trade” discussion of the eighties, but for a dozen years after the Ottawa conference of 1894 public attention was given rather to the imperial and preferential aspect of the fiscal question. But the agitation which Joseph Chamberlain initiated in 1903, with preference to the colonies as its main purpose, gradually developed into a movement for protection to British industries with preference to the colonies as an incidental feature, included largely because it gained for “tariff reform” adherents who could not be converted to protection for its own sake.

Up to the outbreak of the war the preferential-protectionist movement in Great Britain had won only unimportant successes in the way of legislation or of political action. In that country practically all legislation proceeds from the cabinet representing the dominant party, and tariff reform had not been adopted as part of the program of a dominant party, since the Conservatives adopted it only after their disastrous defeat of 1906. While the Conservatives were in power, from 1895 to 1905, they gave no formal approval to imperial preference, though the only tangible successes of the movement before 1914 were obtained at this time. They may be enumerated as follows: (1) In 1897 Great Britain denounced her treaties with Belgium and the Zollverein which had stood in the way of the establishing of preferential tariffs in the Dominions. (2) In 1898 and 1899 limitations upon the tariff rates upon British products were included in the charters of Rhodesia, and these later produced a differential tariff in that colony. (3) In 1902 Great Britain signed the Brussels sugar convention. This resulted in her paying a higher price for beet sugar, to the advantage of her colonies; but the convention pledged her to the policy of granting no preference upon sugars produced in her colonies. (4) In 1903, reversing the policy pursued for half a century, the British Government assented to the introduction of preferential tariffs in the Crown colonies in South
Africa and of differential duties upon tin ore exported from the Federated Malay States. Indeed, the British Government seems to have been an active agent in establishing the preference in the South African customs union. It may be considered a fifth success of the preferential movement that the British Government threatened to retaliate in case Germany penalized the British Empire for the preferential tariff policies of the Dominions. But in this case, as in the four others, there was, in fact, no departure from the free-trade and nonpreferential tariff policy so long enforced in the United Kingdom—unless the condemnation by the Brussels convention of bountied sugar be considered a departure from free-trade principles.

Up to 1914, therefore, it may be said that the preferential-protectionist movement in Great Britain had won the Government to the support of preferential tariffs in the colonies but had had no effect upon the tariff in force in the United Kingdom. Whatever tangible successes the movement had obtained were won while the Conservative Party was in power, but from the end of 1905 to the beginning of the war the Liberals were in control, and they were so hostile that they prevented even the discussion of the subject at the imperial conference in 1911. None the less the movement made distinct headway in these years and scored a notable success in that the Conservative Party committed itself definitely to "tariff reform," though it left the scope of the promised reform uncertain.

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Chapter XIII.

The Preferential Policy in Canada.

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The Dominion of Canada, because of the character of its population and because of its proximity and of the volume of its trade, is of much greater importance to the United States than any other Dominion or colony. In 1920, indeed, Canada bought American products to a value which exceeded that of the purchases of all other colonies combined. And because it is the oldest, largest, and richest of the Dominions, and because of the independent leadership shown in its commercial policies, Canada has been more influential in shaping the commercial policy of the British Empire than has any other British dependency.

I. Tariff History to 1879.

Repeal of Early Preferences.

In the preceding chapter reference has been made to the preferential trade relations existing between Canada and the mother country in the early part of the last century, whereby Canadian timber and wheat and certain other products enjoyed special privileges in the British market, and whereby, under the application of the navigation acts, Canada enjoyed a prosperous trade with the West Indies. In the forties, under the influence of free-trade views in England, these trade advantages gradually began to disappear. It was at this time also that the colonies were granted the right to determine their own tariffs. By 1853 all of the preferences except those on lumber, food, wine, and spirits had been abolished and in 1860 the last, those on timber and wine, were repealed. In 1849, moreover, the last of the navigation restrictions was removed and trade between Great Britain and the colonies was opened to the vessels of all nations.

With her recently won autonomy Canada in 1847 proceeded to reduce the tariff on manufactures of the United States, and to raise the rates on British manufactures in the hope of securing closer commercial relations with the United States. But the American duties on Canadian products were not lowered in response to the Canadian

1 At that time Canada consisted of the two Provinces of Upper Canada (Ontario) and Lower Canada (Quebec). Nova Scotia followed the example of Canada and abolished the tariff preferences. The Province of New Brunswick, on the other hand, retained in her tariff of 1848 preferences to British goods amounting in some cases to 75 or 80 per cent of the ordinary duty. Prince Edward Island likewise established a preference on British goods.
action, and the loss of the British preferences led, in 1849, to a considerable agitation in Canada for annexation to the United States.

The Imperial Government was, at that time, opposed to the granting of trade preferences by the colonies to one another. Nevertheless, Canada in 1850 passed an act permitting free entry of the products of other North American colonies which was not disallowed by the home Government, and before the confederation of the colonies in 1867 most of them were granting reciprocal concessions to each other. In 1868 the privilege of establishing intercolonial preferences from which Great Britain was excluded was formally granted to the British North American colonies.

RECIROCITY TREATY WITH THE UNITED STATES, 1854.

In 1854 a reciprocity treaty was negotiated, with the assistance of the imperial authorities, between all the British North American colonies and the United States. This treaty provided for the free exchange between the colonies and the United States of the natural products of both countries. It involved discrimination in colonial tariffs against British products in favor of foreign imports, a privilege which has never been formally extended to British colonies. But the economic distress of the colonies and the fact that there was practically no competition for their trade between Great Britain and the United States led the imperial authorities to depart from their usual policy and to sanction the treaty.

GALT’S TARIFF, 1859; PREFERENTIAL FEATURES.

In 1859 the Canadian Legislature passed a tariff act introduced by A. T. Galt, the minister of finance, which levied considerably increased duties on manufactures, without discrimination between British and foreign goods. On the suggestion of the manufacturers of Sheffield, the imperial authorities protested against the new duties. Galt in his answer affirmed in plain language the right of Canada to decide for itself both as to the mode and extent of its customs taxation, and the principle he then maintained has never since been seriously questioned. The imperial authorities in later years have protested against protective measures, but the exercise of the imperial veto to suppress such measures was never considered.

But Galt also pointed out that the legislation just enacted introduced by indirect means a measure of preference to England. In place of the previous specific duties, the Government had introduced ad valorem duties, based not upon the value of the goods at the place of import, but upon their value in the market where bought. This change had for its object the encouragement of Canada’s sea trade as against her land trade with the United States. The ad valorem duties when calculated in this manner tended both to favor direct purchase from the country of origin, and thus to foster trade and shipping with the mother country direct instead of through New York importers, and also to offset to some extent the advantages in ship-
ping costs enjoyed by the American producer, owing to his greater proximity to the Canadian market. This method of valuing imports was continued until confederation, and was adhered to in the tariff legislation of the Dominion.

THE CONFEDERATION TARIFF, 1867.

When, in 1867, the Dominion of Canada was formed by the confederation of Quebec, Ontario, New Brunswick, and Nova Scotia the common tariff adopted was, on the whole, an average of the former different provincial tariffs. As New Brunswick and Nova Scotia had had lower duties than the old Province of Canada, this resulted in a lowering of the Canadian tariff. The tariff provided for the admission free of duty of certain articles when imported from Prince Edward Island, which had not as yet entered the confederation. In return Canadian breadstuffs were admitted into the island free of duty. There were no other preferential provisions in the tariff.

PREFERENTIAL DUTIES IN THE TARIFF OF 1870.

In 1870 the tariff underwent some revision. Two items in the tariff act, although of minor significance by themselves, are not unimportant in relation to the history of the British preference. One of these was the duty of 5 cents a bushel imposed on salt for the purpose of preventing alleged dumping of American salt. British salt paid no duty. This was the first instance after 1846 of a direct preference to British imports in the Canadian tariff, a preference still in effect, although changed in amount. The other preference, though one not confined to Great Britain, was the duty of 10 cents a pound levied on tea imported neither from Great Britain nor from the country of origin, all other tea being admitted free of duty. This duty was canceled in 1874 on the ground that it was burdensome to the consumer.

II. MOVEMENT FOR RECIPROCAL PREFERENCES, 1879-1897.

"THE NATIONAL POLICY" AND PREFERENCE.

By 1876 the tariff had become the chief political issue in Canada and in order to make a policy of protection agreeable to the British Government its advocates thought it well to hold out to British commerce the prospect of preferential treatment of British products which would compensate for the higher duties. In the budget debate of 1878 the Conservative opposition made strong pleas for preferential duties; one speaker urged them, at that time, novel view that preference in customs duties should be given to British products as a favor in return for the favors Great Britain bestowed upon Canada in bearing alone the whole burden of imperial defense and in admitting Canadian products into her markets on more favorable terms than those on which they were admitted into the United States. But the higher duties were also advocated by the opposition as a purely "national policy" of protection to Canadian industries and without reference to British advantage.

4 House of Commons Debates, Mar. 1, 1878, p. 688.
THE TARIFF OF 1879.

When the Conservatives won the general election in the summer of 1878, they proceeded to remodel the tariff on frankly protective lines. The duties on manufactures were raised from an average of 17½ per cent to an average of 30 per cent, and many articles which had previously been on the free list were made dutiable. The tariff of 1879 contained a number of provisions which operated either directly or indirectly to establish a preference on British imports. They were passed in Parliament without much discussion, and undoubtedly in many cases the purpose was rather to favor certain Canadian importers or to retaliate against the United States than to confer special benefits on British exporters. Although these provisions were not very important when taken singly, they served in combination to confer distinct advantages on British trade.

One provision of the act established a direct preference to British products by stipulating that in determining the dutiable value on merchandise, except when imported from Great Britain, there should be added to the fair market value at the time of exportation in the markets of the country whence the article had been imported into Canada, "the cost of inland transportation, shipment, and transshipment with all expenses included, from the place of growth, production, or manufacture, whether by land or water, to the vessel in which shipment is made, either in transit or direct to Canada." This preference to British exporters, which was considerable in the case of goods subject to heavy freight charges and high ad valorem rates, was omitted from the 1886 revision of the tariff as a result of the German Government's protest that it violated its most-favored-nation treaty of 1865 with Great Britain.

Another provision of the act of 1879 made possible under certain circumstances the application of higher duties to American than to British products. A duty on tea was reenacted, but without the provision for free importation of tea from the country of origin from Great Britain, which had been stipulated in the act of 1870. The tea and coffee duties were accompanied, however, by a provision that if the United States should impose higher duties on tea or coffee imported from Canada than on similar imports from any other country, the Governor in Council would be authorized to impose additional duties on imports of these articles from the United States equal to the American duties on tea or coffee imported from Canada.

While the Conservative Party remained in power (1878–1896) it represented the manufacturing interests of Canada. These interests were ardent advocates of protective legislation, and they made little distinction between the competition of British and of American manufacturers. The Liberal Party was a tariff-for-revenue party. Both parties favored reciprocity with the United States, but the Liberals as a rule were willing to go further than the Conservatives in this direction. But the failure of all attempts to secure a reciprocity arrangement with the United States satisfactory to Canadian interests, and the growing belief in Canada, after the enactment by the United States of the McKinley tariff of 1890, that the latter country was deliberately unfriendly in commercial matters in the expectation that economic distress would force Canada into the American
union, turned Canadians in increasing numbers to view with favor proposals for imperial preference.

THE LIBERAL GOVERNMENT AND THE TARIFF.

In the election of 1896 the Liberal Party gained control of the Government. Their victory was due in large part to issues other than the tariff, but it was generally accepted as an expression by the electorate of their approval of the Liberal tariff policy of reciprocal preference between Canada and the United States on the basis of a Canadian program of tariff for revenue only. The reciprocity with Great Britain advocated by the Conservative Party, on the other hand, assumed a policy of protection to Canadian goods.

In the course of the campaign and soon after the election, however, there were developments which made it doubtful whether the new Government would fully redeem its pledge to abolish protective duties. In the course of the campaign Laurier and other Liberal leaders had assured industrial districts that no step would be taken which would radically impair the prosperity of Canadian manufacturing industries. In 1896, soon after the election, and again in 1897, members of the newly appointed cabinet were sent on missions to Washington to negotiate reciprocity with the United States. They claimed to have received some favorable assurances, but their missions were without results; for in 1896 the Democrats had been beaten in a presidential election, and in 1897 the Republicans reported to the House the Dingley tariff bill with rates on Canadian products higher than even the rates of the McKinley tariff. Before drafting its new tariff, the Liberal Government sent a tariff commission, composed of cabinet ministers, on a tour through the country to hold hearings and learn the sentiment of the people. Owing to lack of time, the commission did not visit the western Provinces or the maritime Provinces, where low-tariff sentiment was strongest, and its hearings were attended most largely by manufacturers desiring the retention of the protective tariff. Considerable resentment against the impending American tariff legislation found expression at these hearings, and suggestion was repeatedly made that no reductions of duty be enacted which would benefit American exporters.

THE TARIFF OF 1897.

The new tariff legislation was submitted to the House of Commons for its approval on April 22, 1897. On the whole, it proposed no drastic impairment of the "national policy" of protection. Some important reductions and remissions of duty were provided, but the new tariff was substantially the same as the old. In several important schedules the rates of the new tariff were higher than the rates of the old.

In one respect, however, the new tariff was different from any of its predecessors. It provided for a "reciprocal tariff," the rates of which were to be 12 1/2 per cent lower than the rates of the general tariff until June 30, 1898, and 25 per cent lower than the rates of the general tariff after that date. These reduced rates were to apply to any country admitting the products of Canada on terms which were as favorable as the terms of the reciprocal tariff. All duti-
able articles were included in the reciprocal tariff, except alcoholic liquors, tobacco and its products, and sugar and molasses. These were omitted in order to protect the revenues, which depended largely upon the excise and customs taxes on these items.

THE RECIPROCITY SECTIONS OF THE ACT.

The sections in the act establishing a "reciprocal tariff" were as follows:

1. When the customs tariff of any country admits the products of Canada on terms which, on the whole, are as favorable to Canada as the terms of the reciprocal tariff herein referred to are to the countries to which it may apply, articles which are the growth, produce, or manufacture of such country, when imported direct therefrom, may then be entered for duty, or taken out of warehouse for consumption in Canada, at the reduced rates of duty provided in the reciprocal tariff set forth in schedule D of this act.

2. Any question arising as to the countries entitled to the benefits of the reciprocal tariff shall be decided by the controller of customs, subject to the authority of the Governor in Council.

3. The Governor in Council may extend the benefits of the reciprocal tariff to any country entitled thereto by virtue of a treaty with Her Majesty.

4. The controller of customs may make such regulations as are necessary for carrying out the intention of this section.

SCHEDULE D.—RECIPROCAL TARIFF.

On all the products of countries entitled to the benefits of this reciprocal tariff under the provisions of section 17, the duties mentioned in schedule A shall be reduced as follows:

On and after the 23d of April, 1897, until the 30th day of June, 1898, inclusive, the reduction shall in every case be one-eighth of the duty mentioned in schedule A, and the duty to be levied, collected, and paid shall be seven-eighths of the duty mentioned in schedule A.

On and after the 1st day of July, 1898, the reduction shall in every case be one-fourth of the duty mentioned in schedule A, and the duty to be levied, collected, and paid shall be three-fourths of the duty mentioned in schedule A: Provided, however, That these reductions shall not apply to any of the following articles, and that such articles shall in all cases be subject to the duties mentioned in schedule A, viz, wines, malt liquors, spirits, spirituous liquors, liquid medicines and articles containing alcohol; sugar, molasses, and sirups of all kinds, the product of the sugar cane or beet root; tobacco, cigars, and cigarettes.

The reciprocal tariff, it was frankly admitted by the Government, was intended to apply only to the products of Great Britain and possibly some of the British free-trade colonies. But the treaty restrictions rendered impracticable the outright grant of preferential treatment to imports from Great Britain. The phrasing of the provision was therefore made more general than its application was intended to be.

THE DEBATE ON THE "RECIPROCAL TARIFF."

r. Fielding, the minister of finance, in explaining the reason for the inclusion of the "reciprocal tariff" provision in the law, took the ground that the Liberal pre-election promise of a revenue tariff had been predicated on the belief that the United States was about to enter upon a more liberal trade policy. But the Dingley bill, then before the United States House of Representatives, indicated a tendency in the contrary direction, and it would be unwise for

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6 See p. 635.
Canada to yield concessions to the United States before knowing her attitude. "We propose, therefore," he said, "to have a general tariff, and that general tariff will be, to a large extent, the tariff of to-day * * * and then we propose to adopt a special tariff having reference to the countries which are desirous of trading with us, and as a matter of course, not by the express words of the resolution, but by the condition of affairs which exists, that preferential tariff gives preference, above all others, to the products of Great Britain." He pointed out that in this respect the Government had departed from the spirit of all earlier proposals of preference in that no demand was made upon Great Britain for a like measure of preference to Canadian products. "Leading public men," he said, "have advocated preferential trade but always annexing to their suggestions a demand with which it was well known England could not comply. All the advocates of preferential trade have assumed that, as a first step, England must put a duty on corn. We know that England does not view that project with favor. It may be that at a very early date they may see it in their interest to offer some preferential rate to the grain of Canada. If they can be induced to do that by fair argument, I have no doubt it will be a good thing for Canada. But why should we wait for England to take action. England has dealt generously with us in the past. She has given us liberty to tax her wares, even when she admits our goods free, and we have taxed them to an enormous degree."

Sir Richard Cartwright, the minister of trade and commerce, supported the preferential tariff and the higher duties on American products. He explained the reciprocal tariff provisions as a flank attack on the protective tariff policy which the Government was not strong enough to attack directly.

The provision for a "reciprocal tariff" met with forceful criticism from the Conservative opposition in the House. It was opposed on the grounds that by granting a preference freely to Great Britain it endangered the success of the movement for reciprocal preference; that the free admission of Canadian products into Great Britain was not a favor demanding compensation since it was enjoyed by all countries alike; and that the provision "was free trade in disguise." The Conservatives charged that in many cases the "reciprocal tariff" provided only for fictitious reductions since the general rates of the new tariff had been increased in order to leave the "reciprocal" rates at the same level as the rates of the old tariff. On the whole, the Conservatives did not openly object to the more favorable treatment of British than of foreign commerce, but they contended that the favor should not have been granted except in return for a preference to Canadian products in the British market, and that the Government would not be able to withhold the lower schedule of duties from foreign products. Some of the less prominent members of the Conservative Party, however, opposed the preferential as such.

The discussion centered mainly about the bearing of the most-favored-nation treaties on the "reciprocal tariff." The Conservatives freely predicted that the Government would find itself forced...
to extend the reciprocal schedule to all of the treaty countries, including almost all of Europe. Otherwise, they declared, Canada would be violating treaty obligations of the Empire. The cabinet ministers were not agreed themselves as to the proper interpretation of the most-favored-nation clauses in the treaties with Belgium and the Zollverein. In support of the contention that they did not apply, the points were made by different members of the Government that the treaties in mentioning British colonies were not intended to include self-governing Dominions, and that only countries granting to Canadian products as favorable treatment as they received from Great Britain could claim like treatment with that accorded to Great Britain. Sir Richard Cartwright, in support of the last-named contention, invoked the conditional interpretation of the most-favored-nation clause (to which the United States, but not Great Britain, adheres) to the effect that most-favored-nation treatment does not include the obligatory grant by A to treaty country C of a favor given to country B for compensation.10 But both Sir Richard Cartwright and Mr. Fielding, the minister of finance, expressed their confidence that if the Government's interpretation proved mistaken, the Imperial Government would release Canada from the treaty restrictions by denouncing the objectionable clauses. It was even intimated that the Government's action in providing for a preference to British products would prove to be the best method of securing such denunciation.

"RECIPROCAL TARIFF" EXTENDED TO MOST-FAVORED-NATION COUNTRIES.

In accordance with usual Canadian practice, the new tariff came into effect provisionally immediately upon its submission to the House of Commons. According to the terms of the bill, the decision as to what countries were entitled to the lower duties of the reciprocal tariff lay with the minister of customs, subject to the Governor General in council. The customs collectors were instructed to admit only imports from Great Britain at the reduced rates. The Belgian consular representatives immediately protested and the imperial authorities soon informed the Canadian Government that Belgium and Germany, by virtue of their treaties with Great Britain guaranteeing them as favorable treatment in the British colonies as was there accorded to British products, and a number of other countries by virtue of their treaties with Great Britain guaranteeing them as favorable treatment in the British colonies as was accorded to any other foreign country, must receive any concessions of duty extended to British products. Imports from Belgium and Germany and from Argentina, Austria-Hungary, Bolivia, Colombia, Denmark, Liberia, Morocco, Persia, Russia, Salvador, Sweden and Norway, the South African Republic, Spain, Switzerland, Tonga, Tunis, and Venezuela accordingly were granted the benefit of the reduced rates by virtue of treaty rights. Great Britain, New South Wales, India, Holland, and Japan received the reduced rate because of "the reciprocal character of their tariffs." France and the French colonies received them in conformity with the Franco-Canadian convention of 1893, which guaranteed France as favorable tariff treatment in Canada as

10 See report of the United States Tariff Commission on Reciprocity and Commercial Treaties.

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was accorded to any foreign country. The higher duties collected in the interim between the application of the new tariff and the determination of the countries entitled to the lower duties were re-
funded to the importers.11

The United States, in the absence of a treaty with Great Britain entitling her, even under the unconditional or the British interpreta-
tion of the most-favored-nation clause, to favored-nation treatment in Canada, was alone among the important commercial nations trading with Canada subjected to the duties of the general tariff.

III. THE PREFERENTIAL POLICY, 1898–1907.

PREFERENTIAL TARIFF OF 1898.

At the instance of the colonial conference held in London in 1897 the British Government gave the necessary 12 months' notice ter-
minating the German and Belgian treaties.12

The other most-favored-nation treaties by which Canada was bound were not an obstacle to the granting of preference within the British Empire. Accordingly, Canada took advantage of her newly gained freedom to substitute for her former general offer of lower rates to all countries whose terms were sufficiently favorable a provision for the grant of the preferential duties, after August 1, 1898, to the products of Great Britain, Bermuda, the British West Indies, and British Guiana, and for their extension, at the discretion of the minister of customs, to any other British colony or possession, the customs tariff of which was, on the whole, as favorable to Canada as the preferential duties were to such colony or possession. The preferential reduction was also extended to imports of raw sugar when imported direct13 from any British colony or possession. In accordance with the act of 1897, the amount of the preference was increased, beginning with July 1, 1898, to 25 per cent of the rates specified in the tariff. By Orders in Council of July 14, 1898, the preference was extended to British India, New South Wales, and Straits Settlements.

COMPARISON OF RATES OF DUTY UNDER GENERAL TARIFFS OF 1894 AND 1897 AND UNDER PREFERENTIAL REDUCTIONS.

Table 1 makes a comparison for a number of the most important items in the dutiable schedule of the Canadian tariff of the rates of duty effective under the customs act of 1894 with the rates of the customs act of 1897 under the general tariff, the reciprocal tariff of 1897, and the preferential tariff of 1898. The general tariff of 1897 averaged somewhat over 30 per cent ad valorem on manufactured products. The reciprocal tariff, with its reduction of 12½ per cent from the rates on the general tariff, therefore, represented a reduc-
tion in duties averaging about 4 per cent ad valorem, and the prefer-
tential tariff of 1898 represented a reduction averaging about 8 per cent ad valorem from the rates specified in the general tariff.

11 Fielding, House of Commons Debates, Apr. 5, 1898.
12 Canadian goods imported into Germany were now compelled to pay the rates of the general tariff (see supra, p. 646), while Great Britain and the British colonies with the exception of Canada continued to enjoy most-favored-nation privileges in Germany by virtue of the special law put into effect May 11, 1898.
13 See p. 717.
### Table 1.—Comparison of rates of duty under Canadian tariff acts of 1894, 1897, and 1898.

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<tbody>
<tr>
<td>219</td>
<td>Boots and shoes, n. e. s.</td>
<td>25</td>
<td>25</td>
<td>21 ½</td>
<td>18 ½</td>
</tr>
<tr>
<td>276</td>
<td>Brass, manufactures of, n. e. s.</td>
<td>30</td>
<td>30</td>
<td>20</td>
<td>22 ½</td>
</tr>
<tr>
<td>39</td>
<td>Coal, short ton</td>
<td>35</td>
<td>35</td>
<td>40 ½</td>
<td>36 ½</td>
</tr>
<tr>
<td>360</td>
<td>Cotton fabrics, printed, dyed, or colored, n. o. p.</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>26 ½</td>
</tr>
<tr>
<td>362</td>
<td>Cotton clothing, including corsets</td>
<td>32 ½</td>
<td>35</td>
<td>30</td>
<td>26 ½</td>
</tr>
<tr>
<td>368</td>
<td>Cotton velvets, velveteens, and plush fabrics, n. e. s.</td>
<td>30</td>
<td>30</td>
<td>20 ½</td>
<td>22 ½</td>
</tr>
<tr>
<td>417</td>
<td>Drugs, dyes, and chemicals, n. o. p.</td>
<td>20</td>
<td>20</td>
<td>17 ½</td>
<td>15</td>
</tr>
<tr>
<td>294</td>
<td>Electric apparatus, parts of; electric-light cables, electric batteries</td>
<td>25</td>
<td>25</td>
<td>21 ½</td>
<td>18 ½</td>
</tr>
<tr>
<td>362</td>
<td>Fancy goods:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>298</td>
<td>Cast-iron pipe (ton)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>299</td>
<td>Hand and machine tools</td>
<td>32 ½</td>
<td>35</td>
<td>30</td>
<td>26 ½</td>
</tr>
<tr>
<td>320</td>
<td>Hardware</td>
<td>32 ½</td>
<td>35</td>
<td>30</td>
<td>26 ½</td>
</tr>
<tr>
<td>227</td>
<td>Iron in pigs (ton)</td>
<td>$1</td>
<td>$2.50</td>
<td>$2.19</td>
<td>$1.88</td>
</tr>
<tr>
<td>315</td>
<td>Machinery, all other, of iron or steel, n. e. s. per cent</td>
<td>27½</td>
<td>25</td>
<td>21 ½</td>
<td>18 ½</td>
</tr>
<tr>
<td>321</td>
<td>Manufactured articles not specially enumerated or provided for, of iron and steel, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>140</td>
<td>Paper, manufactures of</td>
<td>33</td>
<td>35</td>
<td>30</td>
<td>26 ½</td>
</tr>
<tr>
<td>394</td>
<td>Wool, manufactures of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>397</td>
<td>Carpets:</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

1. $10 but not less than 35 per cent.
2. 5 cents per pound and 25 per cent.
3. 5 cents per pound and 30 per cent.

Note.—N. e. s. means "not elsewhere specified" in the tariff; n. o. p., "not otherwise provided for."

The conservative opposition had charged that on many articles the preferential reduction was fictitious since the rates of duty were raised before the reductions were made. Table 1 shows that on many items the general rates under the act of 1897 represented an increase of duty. On the other hand, the rates actually effective on British imports, in almost every case under the reciprocal tariff and in every case here cited under the preferential tariff, were appreciably lower than the rates levied under the customs act of 1894. It is to be noted also that where British exporters met competition mainly from foreign exporters any increase in the general rate meant an increase in the absolute amount of tariff advantage enjoyed by the British as compared with the foreign exporter to Canada. On the other hand, where the British exporter met with important competition only from the Canadian manufacturer (as was the case almost wholly with woolens and to a large extent with cottons) the increase in the general rates in 1897, where such were made, operated unfavorably for him.

### The Preferential Tariff, 1898–1902.

Once in effect, the preferential tariff became an established feature of the Canadian fiscal system. It was popular throughout the country, and such opposition to it as made its appearance was half-
hearted and was directed at special features of it rather than at the entire provision. In one respect, however, there continued to be a sharp difference in policy between the two parties with regard to preference. The Liberal Government refused to press the Imperial Government for a tariff preference to Canadian products and refused to make the grant of the Canadian preference conditional upon the establishment of a reciprocal preference in Great Britain. This phase of its policy met with sharp criticism from the Conservative opposition, who were anxious to have the Canadian preference used as a means of forcing reciprocal preference.

PREFERENCE INCREASED, 1900.

In 1900 the preference was increased to 33\(\frac{1}{3}\) per cent. The increase was criticized by the Conservatives on the grounds that it endangered the prosperity of some domestic industries and that it would render even more difficult the attainment of reciprocal preference. A resolution submitted by the Government expressing approval of the British preference as beneficial to Canada and to imperial unity was opposed by the Conservatives and was carried by a strictly party vote.\(^4\)

In the budget debate of 1901 the opposition again urged the Government to take steps to secure reciprocal preference, and in response the Liberals again insisted that reciprocal preference was at the time impossible of attainment until the Canadian customs barrier against Great Britain was removed.

CANADA AT THE COLONIAL CONFERENCE, LONDON, 1902.\(^5\)

At the colonial conference held in London, 1902, Joseph Chamberlain, at that time the colonial secretary, advanced the view that on account of the high duties on imports from Great Britain the results of the Canadian preference had been disappointing. "So long," he declared, "as a preferential tariff, even a munificent preference, is still sufficiently protective to exclude us altogether, or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets, especially if the articles in which the foreigners are interested come in under more favorable conditions." \(^6\)

Sir Wilfrid Laurier, in rebuttal, submitted on behalf of his Government a memorandum purporting to show that the Canadian preference had been of substantial value to the mother country, that it had arrested the decline in the volume of British imports into Canada which had been a striking feature from 1887 to 1897, and that as a result of the preference the decline had been replaced by a steady and considerable increase. The memorandum disclosed that the Canadian Government had been attacked by Canadian manufacturers, and especially by the manufacturers of woolens, on the ground that the preference was seriously interfering with their trade, and put forth the claim that American manufacturers had found it necessary to reduce their prices to Canadian importers in order to meet British competition under the preference. It ended with the following

\(^4\) House of Commons Debates, Mar. 21, 1900, p. 2944.
\(^5\) See p. 646.
summary of the Canadian claims in regard to the operation of the preference:

(1) That the preference is a very substantial one.
(2) That it gives British merchants a material advantage over foreign competitors in the Canadian markets.
(3) That the preferential rates are not too high to shut out reasonable competition with the Canadian producer.
(4) That the preference has resulted, not only in arresting the continuous decline in British trade, but in stimulating the trade. If it had not been granted, it is not very likely that the volume of British imports into Canada would be as large as it is to-day, to say the least.
(5) That the advantage given by Canada to the British manufacturer is proved beyond question. If he has not fully availed himself of it, that is not the fault of the Canadian Government or of Canadian fiscal policy.17

The Canadian representatives subscribed to the general resolutions adopted by the Conference. These supported the principle of intra-imperial preference, urged its adoption by Great Britain and by those colonies which had not as yet established such a policy, but acknowledged that the circumstances of the colonies made it impracticable to establish a system of intra-imperial free trade.18

CANADIAN CHANGE OF POLICY.

Canadian preference had originally been granted as a free gift, and until 1902 19 the Liberal Government had repudiated all suggestions that it be given only in reciprocity for like concessions from the mother country, but at the conference in London in that year the Canadian ministers present put forth the claim that in consideration of the substantial preference given by Canada to the products of the mother country, Canadian food products should be exempted in the United Kingdom from the duties recently imposed. They promised that if they could be assured that the Imperial Government would accept the principle of preferential trade generally, and especially if it would grant to the food products of Canada in the United Kingdom exemptions from duties levied or thereafter imposed, they would endeavor to give to the British manufacturers some increased advantage in duties in the lines in which the competition came from foreign and not Canadian industries.

The request of the Canadian ministers in London for a reciprocal preference marked, therefore, a distinct change in the policy of the Liberal Party with reference to preferential duties. This change in attitude may have been due in part to the pressure of public opinion in Canada. The Conservative Party had on every occasion urged the Government to press for a reciprocal preference, and there was undoubtedly considerable support, even within the ranks of the Liberal Party, for the proposal that Canada should press for reciprocity as soon as its attainment seemed practical.

The imposition by the Imperial Government early in 1902 of the duty on imported grain and flour was, however, the factor which was most decisive in changing the position of the Liberal Government with regard to reciprocal preference, since a British preference on colonial grain would now mean taking off taxation in favor of the

18 See chapter on Growth of Preference in the British Empire, p. 646.
19 See p. 666.
colonies instead of putting on taxation in order to favor the colonies.  

**CANADIAN SURTAX ON GERMAN PRODUCTS.**

On April 16, 1903, Mr. Fielding, the Canadian minister of finance, announced to the House of Commons the failure of the negotiations recently undertaken to secure from Germany most-favored-nation treatment and the intention of the Government to introduce retaliatory legislation in the form of a surtax on imports from Germany. The surtax law came into effect on October 24, 1903. It read, in part, as follows:  

Articles which are the produce or manufacture of any foreign country which treats imports from Canada less favorably than those from other countries may be subject to a surtax over and above the duties specified in schedule A to this act, such surtax in every case to be one-third of the duty specified in the general tariff in the said schedule.

Germany was not specifically mentioned in the act, but the application of the surtax was at the discretion of the minister of customs, and it was intended to apply, and was applied only, to German products. As a matter of fact, neither France nor Italy extended complete most-favored-nation treatment to Canada, and the products of both countries could have been subjected by the Government, without reference to Parliament, to the rates of the surtax.

The tariff war with Germany lasted seven years, with loss to the trade of both countries. It was terminated only when Canada's adoption of an intermediate tariff and the proposed extension of the intermediate rates to European competitors with Germany appeared to threaten still further injury to German trade. In February, 1910, on Germany's initiative, negotiations were again entered into by the Canadian Government and the German consul general in Canada, and a provisional agreement was reached, whereby in return for the removal of the surtax by Canada, Germany granted the conventional rates of the German tariff on a list of the most important items of Canadian export to Germany.

Mr. Fielding, when he reported to the House of Commons that the tariff war was at an end, pointed out that Germany was not given what she had been previously offered, most-favored-nation treatment, since the concessions extended to France under the French treaty of 1907–1910 were withheld from her. The only concession made by Canada was the withdrawal of the surtax. On the other hand, Germany withheld from Canada the privilege of the conventional rates on some commodities.

The surtax on German imports had increased the relative tariff advantage enjoyed in Canada by those British goods which were subject to German competition. This was of considerable importance to British trade in refined sugar; woolens, silks, and other textiles; cutlery; and many minor items.

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20 House of Commons Debates, Apr. 16, 1903, p. 1400.
21 See p. 649.
22 III ed. VII, ch. 15.
23 Dutiable list in the tariff law.
24 This treaty (ratified in 1910) granted France certain specified duties on a limited number of her products. See p. 676.
MOVEMENT IN CANADA FOR REVISION OF THE TARIFF, 1901–1907.

The increase of the preference in 1900 to 33\% per cent aroused considerable opposition among the Canadian manufacturers, especially the manufacturers of woolens, as soon as its effects made themselves felt. They began to agitate for a revision of the tariff, and with their powerful organization, the Canadian Manufacturers' Association, to lead them, they were strong enough to force the Government to consider their demands. At the convention of 1901 the association had urged that certain minimum preferential rates, higher than the ones in force, be enacted on woolens.\textsuperscript{28} At the convention of the association held at Halifax in 1903 a resolution was passed declaring that the changed industrial conditions demanded an immediate and thorough revision of the tariff upward. The resolution also affirmed that while such a tariff should be framed primarily with a view to Canadian interests, "it should nevertheless give a substantial preference to the mother country and also to any other part of the British Empire with which reciprocal preferential trade can be arranged, recognizing always that under any conditions the minimum tariff must afford adequate protection to all Canadian producers." \textsuperscript{27}

CANADIAN PREFERENCE MODIFIED, 1904; PREFERENCE ON WOOLENS REDUCED.

The growing intensity of the Chamberlain campaign and the agitation of the Canadian manufacturers for a revision of the tariff were causing the Canadian Government some uneasiness. In 1904 the Government was forced by the increasing opposition to its tariff policy to come out in defense of its preferential policy, to make some amendments in the preferential schedule, and to forecast some others to be submitted later. Mr. Fielding, in his budget speech of 1904, referred to the Chamberlain campaign for "tariff reform" in England, as follows:

We may be influenced in our own preference policy by what may occur in the mother country in the hereafter. We shall claim a free hand in that respect, but for the present we think it is a wise policy to adhere to the preferential system in the hope that it may be adopted more generally throughout the Empire, and that by and by a better understanding may be come to in the mother country and that it will be adopted there as well.

He advised that, while the question of preference remained a matter of party strife in Great Britain, Canada should take no further steps.\textsuperscript{28}

It was in this speech that Mr. Fielding announced the partial departure from the plan that had been originally adopted of granting a uniform reduction from the rates of the general tariff as a preference to British products. The Canadian manufacturers of woolens had complained bitterly that the British preference, and especially its increase in 1900 to 33\% per cent, left the Canadian industry without adequate protection against British competition; that many mills had been forced to close and that others would follow unless relief was granted. In response to their complaints, Mr. Fielding raised the preferential rate on woolen cloths, tweeds, and wearing apparel from 23\% per cent to 30 per cent. The general rate continued

\textsuperscript{27} Porritt, E.: Sixty Years of Protection in Canada, p. 422.
\textsuperscript{28} House of Commons Debates, June 7, 1904, pp. 4352 et seq.
at 35 per cent. In response to similar complaints from manufacturers of cordage, the preferential duty on cordage and twine, but not including binder twine nor materials for use in the fisheries, was raised from 13½ per cent to 20 per cent. On the other hand, to offset these increases, several of the rates were reduced; the preferential rate on tableware of china, porcelain, etc., was lowered from 20 per cent to 15 per cent, making the preference 50 per cent of the general rate; the preferential rate on window glass was reduced from 13½ per cent to 7½ per cent, making the preference on this item over 65 per cent; and molasses, on which the general rate was 1½ cents per gallon, was put on the free list when imported from countries entitled to the preference, i.e., the British West Indies.

While the manufacturers received the reduction of the preference on woolens with approval, they did not like the method used to increase the protection they received. The Canadian Manufacturers Association issued a statement in which they declared that the protection to the woolen industry was still inadequate, and that it should have been increased, not by decreasing the amount of the preference, since "such action will probably be misinterpreted in England," but by raising both the general and the preferential duties, which would have maintained the principle of uniform preference for British goods.\(^{29}\)

**Revision of Tariff, 1906-7.**

Mr. Fielding, in his budget speech of 1904, had suggested the desirability of enacting an intermediate tariff, lower than the general tariff, but not as low as the preferential tariff, to be used in bargaining with foreign countries for more favorable tariff treatment of Canadian products. He had also forecast the substitution of specified preferential rates for the straight horizontal reduction from the general rates in order both to permit of special consideration of the needs of individual industries and to eliminate awkward fractional duties.

In October, 1904, a general election was held in Canada. The Liberal platform included a tariff embodying three schedules (in addition to the surtax)—a maximum, a minimum, and an intermediate schedule. The preferential schedule was to be the minimum schedule. The intermediate schedule was to consist of rates approximately equal to the rates of the existing general tariff, and the maximum rates were to be somewhat higher. As the preferential duties would continue to be a stated percentage, 33½ per cent, below the maximum duties, an increase in the maximum duties would result in an increase in the absolute amount of the British preference, but also an increase in the amount of protection against British products. The Liberals were again returned to power, and on November 29, 1906, Mr. Fielding finally reported to the house a revised tariff containing a provision for an intermediate schedule. The general schedule was approximately the same as that of the old tariff, and the intermediate schedule consisted of duties from 2½ to 10 per cent ad valorem lower than the duties of the general schedule.

The main significance, for a study of the preference, of the introduction of the intermediate schedule, lies in its indication that the

\(^{29}\) Montague and Herbert: Canada and the Empire, p. 27.
Government was disappointed at its failure to secure a preferential market for Canadian products in Great Britain, and had decided to look elsewhere for better markets for Canadian products. Where put into effect, the intermediate tariff would, of course, operate to reduce the amount of the British preference.

On the same day, Mr. Fielding announced a revision of the preference to British products. He declared that the Government had adopted the policy of preference because they believed it to be a good thing for Canada, that they intended to adhere to this policy, and that, notwithstanding the strong criticisms which had been made, they were confident that it had had good results. He claimed for the preference that it had advertised Canada before the Empire and the world, that it had reduced the burden of the taxation on Canadian consumers, and that it had, to a considerable extent, governed the prices of articles sold in Canada by foreign countries.

The revision of the preference took the form of the abandonment of the horizontal reduction from the rates of the general tariff and the substitution in its place of a preferential schedule of specified duties. The awkward fractional duties were eliminated, and this involved in some cases slight increases, in other cases slight decreases, of the preferential duties. In the case of a number of minor items, transfer to the general free list altogether eliminated the preference. In the case of manufactures of metals, most of the new preferential rates represented more than a third reduction from the rates of the general schedule. In addition, there was established an "Empire free list," consisting of a number of commodities which previously had come in free from all countries, but now were to be subjected to a small duty, generally 5 per cent ad valorem, when imported from countries not entitled to the preference. Most important among these items were Canada plates, various intermediate iron and steel products, and celluloid in the rough. Mr. Fielding claimed that on the whole the revision had resulted in an increase in the preference.

In 1907 a further revision of the preferential provisions carried into the tariff act all the regulations which Orders in Council had made with reference to the preference. The list of colonies entitled to the preference, although subject to removals or additions by Order in Council, was given in the act. The list included, in addition to Great Britain, from whom the preference could not be withdrawn without special legislation, the following colonies: Bermuda, the British West Indies, British Guiana, India, Ceylon, Straits Settlements, New Zealand, and British South Africa. The preference to the two last named had been extended in 1904 in return for reciprocal preferences on Canadian products in those colonies.30

IV. CANADIAN TARIFF POLICY, 1907–1911.

The failure to secure reciprocal preference from Great Britain, the continued dominance in England of the free-trade party, and the growing pressure of the Canadian manufacturers against the preference and for an increase in the tariff considerably lessened the vigor with which the Liberal Party presented the preferential policy. In 1906, as has been shown, they had introduced an intermediate tariff,

30 Seeinfra, pp. 767 and 762.
which, if put into effect, would reduce the amount of the British preference. The following years, until the defeat of the Liberals in 1911, were marked by negotiations with foreign countries for better commercial relations, by the repeal of the German surtax, and especially by an attempt to find in the United States, through reciprocity, the favored market for Canadian exports which was not obtainable in Great Britain.

THE PREFERENCE MOVEMENT IN CANADA, 1907–1910.

After the failure of the colonial conference of 1907 to persuade the British Government to establish tariff preferences on colonial products, the Liberal Government took no further steps to press the policy of reciprocal preference upon the mother country. The Conservatives, on the other hand, adhered to their former position that Canada should use the preference as a means of securing reciprocity from Great Britain. The fiscal issue continued to play an important part at this time in the domestic politics of the United Kingdom, and the Canadian Government was reluctant to take any action which might appear to be an attempt to influence public opinion in England in favor of a particular political party. The Conservative Party, however, criticised this attitude, and claimed that it was the duty of the Government not to play the part of a disinterested spectator in the controversy with whose outcome Canada was so vitally concerned. In the 1907 convention of the Conservative Party held at Halifax, a resolution was passed urging that Canada should endeavor, by negotiation, argument, and every legitimate means, to bring about the success in Great Britain of the movement for imperial preference. In the following year the Conservative leaders urged such action both in Parliament and from the public platform. The Government stood firm, however, and refused to change its policy.

THE PREFERENCE IMPAIRED BY CONCESSIONS TO OTHER COUNTRIES, 1910.\(^{32}\)

CONCESSIONS TO FRANCE.

The failure to secure a preference for Canadian products in the British market led the Canadian Government to take active measures toward the extension of the market for Canadian products in foreign countries. The enactment in 1907 of an intermediate tariff facilitated negotiations with foreign countries, and in the same year Mr. Fielding and Mr. L. P. Brodeur, the minister of marine and fisheries, negotiated an important treaty with France. The treaty accorded rates of duty lower than the general rates of the Canadian tariff on a long list of important French products, including silks, ribbons, laces and embroideries, velvets of cotton and silk, braids and cords, curtains, cotton clothing, gloves and mitts, buttons, jewelry, brushes, wines, drugs, soap, perfumes, and olive oil. In most cases the rates conceded to France were those specified in the intermediate tariff; in some cases, special rates between the rates of the intermediate and

\(^{31}\) See ch. 12, p. 633.

\(^{32}\) The first reduction of duties put in force in 1910 was the removal of the surtax on German products, mentioned on p. 672.
the preferential tariffs were granted; in the case of drugs and some wines, rates even lower than those specified in the existing preferential tariff were given to France, but these rates were incorporated in the preferential tariff as soon as they became effective on imports from France. In return for her concessions, Canada received from France, in addition to the minimum rates already enjoyed under the Franco-Canadian convention of 1893, the French minimum rates on a long list of important Canadian products, including live cattle, fresh canned meats, dairy products, fish, lumber and pulp, agricultural implements, typewriters, various other manufactures of iron and steel, furniture, boots and shoes, asbestos products, and cement.

Owing to opposition in France, the treaty was not ratified until 1910. It was urged in France against the treaty that the Canadian concessions were of little value, since they would be enjoyed, as most-favored-nation countries, by most of France’s European competitors; that Canadian competition under the lower duties might prove dangerous to French industries; and, more important, that the importation into France of Canadian cattle at the lower rate of duty would offer serious competition to cattle growing in France. The latter objection was removed, however, by the conclusion in 1909 of a supplementary convention which modified the convention of 1907 by providing that Canadian cattle might be imported into France under the minimum rates of the tariff only when not fattened and in condition for slaughter. In Canada there was little or no opposition to the treaty, as the French products to be admitted at reduced rates were, with few exceptions, not produced to any extent in Canada. The treaty was ratified and legislation to put it into effect in Canada was enacted, after some of the provisions of the treaty had undergone revision, and the rates specified in the treaty came into effect in May, 1910. These rates were extended at once to all countries having most-favored-nation treaties with Great Britain to which Canada had become a party either through the action of the Imperial Government or by her own consent.\footnote{The countries entitled at that time to most-favored-nation treatment were Argentina, Austria-Hungary, Bolivia, Colombia, Denmark, Japan, Norway, Russia, Spain, Sweden, Switzerland, and Venezuela.}

\section*{Intermediate Rates Granted to Belgium and the Netherlands, 1910.}

In the case of imports of French products into Canada, the privilege of the treaty rates was conditional upon importation without transhipment from a French port, or from a port of a country enjoying either the preferential or the intermediate tariff, into a sea or river port of Canada. Belgium and the Netherlands did not have treaties entitling them to most-favored-nation treatment in Canada. Their important transit trade made it possible in the French treaty to penalize indirect shipment of considerable importance to them, and their consular representatives at once opened negotiations with the Canadian Government to secure some modification of the Canadian discrimination against their ports and their products. As both Belgium and the Netherlands admitted Canadian products at their lowest rates of duty and their tariff was in general a low one, the Canadian Government was favorably disposed towards their requests and by Orders in Council of June 7, 1910, the articles specified in the
French treaty were admitted at the intermediate rates when imported from these countries. The grant of special rates would have required new legislation, but this concession made it possible to transship French products through the ports of Belgium and the Netherlands without making them subject to higher rates of duty than those specified in the French treaty.

**Concessions to Italy, 1910.**

Italian products were not entitled to most-favored-nation treatment in Canada, and Canadian products were subject to the maximum tariff rates in Italy. By a provisional agreement between Canada and Italy signed on June 6, 1910, a limited number of Italian products were granted the intermediate rates of the Canadian tariff in return for the extension of the Italian conventional rates to a number of Canadian products. Most important among the Italian products specified in the agreement were wines, velvet and silk fabrics, ribbons, fine kid gloves, miscellaneous manufactures of silk, and macaroni and vermicelli.

**Reduction of Rates in General Tariff Granted to the United States, 1910.**

In 1909 the United States had adopted the Payne-Aldrich tariff law, with its provisions for a maximum schedule of duties to be applied to all countries found to be discriminating unduly against American commerce. These rates amounted to a penalty duty of 25 per cent ad valorem, to be added to the regular duties on all goods in the dutiable list. In order to avert the necessity of applying these rates to Canadian products, President Taft, early in 1910, sent commercial representatives to Canada to urge the grant to the United States of most-favored-nation treatment. The American representatives made no protest against the British preference; the tariff arrangements of the Empire were regarded as a domestic matter, with which foreign countries were not concerned. They requested, however, that American products should be given as favorable treatment as was accorded to the products of any foreign country, and they asked, in particular, that the concessions granted to France in the treaty soon to come into effect should be extended to the United States also. After negotiations of some duration, in which President Taft engaged in person, it was agreed that the United States should refrain from imposing the maximum duties on Canadian products in return for the extension by Canada of the intermediate rates on 13 specified articles when imported from the United States. It was also understood between the parties to the negotiations that this arrangement was to be the preliminary to the negotiation of a commercial treaty broader in scope and involving reciprocal concessions of greater importance. The Canadian intermediate rates on the articles specified in the arrangement were put into application on American products by Order in Council on March 31, 1910, but they were extended at the same time to all countries entitled to most-favored-nation treatment in Canada.

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EFFECT OF CONCESSIONS ON BRITISH PREFERENCE.

These negotiations and conventions with foreign countries resulted in a significant impairment of the British preference. Table 2 presents, for a number of the articles specified in the French treaty, the rates of duty and the amounts of import in the fiscal year 1910 from Great Britain and from the countries enjoying the reduced rates.

Table 2.—Rates of duty on, and imports of, selected articles specified in Franco-Canadian Convention of 1907 (1910).

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>General tariff</td>
<td>Preferential tariff</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per cent ad valorem</td>
<td>(In thousands of dollars.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Cocoa or chocolate, preparations of, n. o. p.</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>120</td>
<td>Anchovies, sardines, etc., in tin boxes, 8 ounces or less in box, per box</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>232</td>
<td>Glue, mucilage, etc.</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>257</td>
<td>Tableware of china, porcelain, etc.</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td>321</td>
<td>Plate glass, not beveled</td>
<td>27</td>
<td>15</td>
</tr>
<tr>
<td>536</td>
<td>Lace, cotton, white and cream-colored</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>575</td>
<td>Braids, fringes, cords, n. o. p.; elastic handkerchiefs of all kinds; shams and curtains; cotton clothing, n. o. p.</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>575</td>
<td>Embroideries, n. o. p.; lace, n. o. p.; manufactures of lace; nets and netting of any material, n. o. p.</td>
<td>35</td>
<td>20</td>
</tr>
<tr>
<td>561</td>
<td>Velvets, velveteens, and plush fabrics, n. o. p. cotton.</td>
<td>30</td>
<td>17</td>
</tr>
<tr>
<td>561</td>
<td>Velvets of pure silk and silk fabrics.</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>562</td>
<td>Ribbons of all kinds and materials</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>563</td>
<td>Manufactures of silk, n. o. p.</td>
<td>37</td>
<td>30</td>
</tr>
<tr>
<td>627</td>
<td>Gloves and mitts of all kinds.</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>630</td>
<td>Boot, shoe, and stay laces</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>647</td>
<td>Jewelry, n. o. p.</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>651</td>
<td>Buttons of all kinds, n. o. p.</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>653</td>
<td>Brushes of all kinds</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>668</td>
<td>Tobacco pipes and other smokers' articles</td>
<td>35</td>
<td>22</td>
</tr>
</tbody>
</table>

1 N. o. p. means "not otherwise provided for" elsewhere in the tariff.

Only such commodities are included in this list as were subject to considerable competition between the British and the European producers. On lace and embroideries, nets and nettings, velvets and fabrics of silk, ribbons, and miscellaneous manufactures of silk, the preference was almost wholly eliminated. On the other items in the table there were in each case reductions of from 2½ to 5 per cent ad valorem in the amount of the effective preference.35

35 The provisions of the various agreements are given in U. S. Department of Commerce and Labor: Tariff Series No. 26, Tariff Relations of Canada.
The arrangement with the United States likewise effected a reduction in the preference to British products. In every case, however, the intermediate rates which were extended to the United States were lower than the general rates by either 2½ per cent ad valorem or by correspondingly small specific amounts. The only articles included in the 13 items specified in the tariff with reference to which there was any substantial competition between British and foreign goods were photographs, pictures, engravings, etc.; miscellaneous dressed leathers; artificial feathers, flowers, etc.; and miscellaneous drugs, dyes, and chemicals. The total imports into Canada of the items specified amounted annually to about $10,000,000 from all countries and $2,700,000 from the United Kingdom, but in only the instances named above were there substantial imports from both the United Kingdom and foreign countries. The concessions to the United States are of significance in this study, not because of any material effect they could have had on the direction of trade, but as a further indication of the willingness of the Canadian Government to pare down the British preference if trade advantages in foreign markets could be secured thereby.  

AGREEMENT NEGOTIATED WITH THE UNITED STATES, 1911.

The arrangement of March 26, 1910, between the United States and Canada was understood by the representatives of both countries to be but the preliminary for the negotiation of a much broader and more comprehensive commercial arrangement. Negotiations for such an arrangement were resumed in November at Ottawa and were concluded at Washington in January, 1911. The agreement which resulted provided for the reciprocal free admission or for the admission into both countries at considerably reduced rates of duty of a number of manufactured products.  

The proposed changes in the general tariff rates were listed in four schedules. Schedule A covered the articles which were to be made duty free in both countries. It consisted chiefly of natural products, but it included also galvanized iron and steel sheets, galvanized wire and wire rods of certain gauges, barbed-fencing wire, cream separators, carbon electrodes, typesetting and typecasting machinery, coke, and cotton-seed oil.

Schedule B listed the articles which were to be admitted into each country from the other at the same rates of duty, rates generally lower than those then in force on both countries. Many of the items were secondary products and manufactures of which the chief component materials were made free in schedule A. Of importance among these, with special reference to British trade, were barley, malt, biscuits, and fruit juices. This schedule included also agri-

36 An editorial of June 24, 1910, in the Toronto Globe (generally recognized as the mouthpiece of the Liberal Party), contained the following statement: As soon as France, Germany, and Belgium showed that they appreciated the Canadian market and became willing to make concessions in order to get into it on favorable terms, it was easy to negotiate trade treaties. The reluctance and hesitation, if there were any, were not on the side of Canada. Great Britain is the only country from which we are not asking and expecting trade concessions, and the British preference is valued by thoughtful Canadians chiefly because it is a measure of free trade. British goods coming in under the preference force down the prices of competing goods brought in from foreign countries.

37 For a full account of the negotiations and an analysis of the agreement which resulted, see the report of the United States Tariff Commission on Reciprocity with Canada; a study of the arrangement of 1911, or that on Reciprocity and Commercial Treaties, pp. 383 et seq. Much of the following account is based on the latter report.
cultural implements and machinery, monumental and building stone, cutlery and plated ware, clocks and watches, motor vehicles, and bathroom fixtures.

Schedule C listed six articles which were to be admitted at reduced rates by the United States: Aluminum, laths, shingles, planed or finished lumber, iron ore, and coal slack.

Schedule D contained seven articles which Canada was to admit at reduced rates: Cement, fruit trees, condensed milk, unsweetened biscuits, canned fruits, peanuts, and bituminous coal.

Except for the articles included in schedule A, the stipulated reductions of duty were moderate, averaging approximately 8 per cent ad valorem on the part of the United States, and a little more than 4 per cent on the part of Canada, reductions which in each case left protection practically unimpaired. The Canadian concessions were to be extended to all the countries having favored-nation rights in Canada and to all the portions of the British Empire which enjoyed preferential treatment in the Canadian market. To the American representatives the scope of the arrangement was a disappointment. They had hoped to secure much more extensive concessions, but the Canadian representatives were unwilling to take away the tariff protection from manufactured articles.

Upon the whole the Canadian duties fixed in the agreement corresponded closely with the rates of the Canadian intermediate tariff of 1907. The prime object of the conferees was to arrange for the admission to the United States of Canadian agricultural produce, fish, and raw materials. Having settled upon this, the conferees took the Canadian intermediate tariff and selected from it certain items which the United States exported in considerable quantities and upon which the American members asked for the lowest rates possible. But upon nearly all of these the Canadians would consider no reductions below the terms of the intermediate tariff. The only important exceptions were cotton-seed oil, galvanized or tinned sheets, and typesetting and typesetting machines, all of which were added to the free list. Considering the nature of the articles and the very small difference between the proposed rates and the old, it is difficult to see how the export of American manufactures could have been materially affected.

THE FAILURE OF THE AGREEMENT.

The agreement was to come into effect through concurrent legislation in the two countries. Legislation to carry the arrangement into effect was introduced on January 26, 1911, in the House of Commons in Canada and in the House of Representatives in the United States. In the United States the bill was finally passed and approved on July 26, 1911, after a special session had been called for the purpose.

In Canada the project was rejected. Of the arguments with which it was opposed, only those which are specially concerned with the commercial relations of Canada with the Empire need be considered here. It was urged by the opponents to reciprocity that the agreement would impair the preference to British products. But Mr. Fielding, in introducing the reciprocity proposals in the House of Commons, declared that "the British preference never entered into
these negotiations, and * * * we never discussed with our
American brethren what the British preference should be." He
asserted that Canada was left free by the arrangement to do what it
pleased with the British preference. Furthermore, the British
preference would not be seriously affected by reciprocity with the
United States. Most of the reductions stipulated in the arrange-
ment, he pointed out, were of a kind in respect to which there was no
serious competition with the United States. Moreover, any con-
cession which was granted to the United States was to be granted
also to Great Britain and other countries.38

Opposition to reciprocity was engendered by the consideration that
it would expose the Canadian producers of the articles specified in
the arrangement to keener competition not only from American
exporters but from British exporters of manufactures and Australian
and New Zealand exporters of such commodities as wheat, meats,
butter, and cheese. The agitation for increased preference brought
to these critics the support of all those who feared British compe-
tition under lower tariff rates in other commodities.

It was urged also, in opposition to reciprocity, that "tariff reform"
would soon be the issue in a British general election, and that in the
event of the success of the tariff reform party, the establishment of
reciprocity with the United States would prove a barrier to the
achievement of reciprocal preference. The actual growth of exports
to free-trade Great Britain and the promise which was held out of
even greater growth when Great Britain should adopt protection and
preference to the colonies were used to minimize the value to Canadian
exporters of a freer American market. But a statement early in
1910 by Mr. A. J. Balfour to the effect that there was a divergence of
opinion between members of the tariff reform party as to whether
colonial wheat should be admitted into Great Britain free and other
wheat subject to a small tax, and that he had reached the conclusion
that all wheat should be imported free, enabled the supporters of
reciprocity to reply that there were no prospects, even with a "tariff
reform" victory in England, of a British preference valuable enough
to counterbalance the American offer. Moreover, it was pointed
out that the scheme of imperial preference was not necessarily
inconsistent with the retention by each portion of the Empire of the
freedom to enter into special arrangements with foreign countries,
provided only that the remainder of the Empire should share in the
benefits of such arrangements.

An objection, raised especially in England but effective also in
Canada, to the reciprocity proposal was that it would confer on one
part of the Empire, Canada, benefits in a foreign market which were
not enjoyed by the remainder of the Empire. About $15,000,000 of
annual imports into the United States from the United Kingdom
would be affected by the agreement. But, on the other hand, the
United Kingdom enjoyed tariff advantages in France, Italy, and
Germany, and even in Australia, which were not shared by Canada,
and in 1891 had sanctioned concessions in the British West Indies to
American products without requiring their extension to British
Colonies.

38 House of Commons Debates, Jan. 26, 1911, pp. 2464 et seq. See also, Reciprocity with Canada: United
States Tariff Commission, 1920, p. 57.
DEFEAT OF THE LIBERAL GOVERNMENT, 1911.

The Liberal Government was forced by the Conservative opposition in Parliament to appeal to the electorate for sanction for its reciprocity policy, and in the election of September 21, 1911, which ended a campaign of unprecedented bitterness, they were defeated by the opponents of reciprocity.\(^3\) Political arguments played a large part in the defeat of reciprocity, but with these, in so far as they related only to Canada and the United States, this study is not concerned. But significant and perhaps even dominant factors in the defeat of reciprocity were Canadian resentment at the rejection by the United States of former proposals of reciprocity and the apprehension that closer trade relations with the United States would injure commerce within the Empire, might operate as a hindrance to the development of the policies of imperial preference and imperial federation, and might even lead, through economic pressure by the United States, to forced annexation. The defeat of reciprocity was generally interpreted both in Canada and in Great Britain as a victory for the advocates of imperial preference.

Table 3 indicates to how slight an extent British commerce with Canada would have been affected if the reciprocity arrangement had come into effect:

<table>
<thead>
<tr>
<th>Item.</th>
<th>Articles reciprocally free (A).</th>
<th>Reciprocal reductions in duty (B).</th>
<th>Other reductions in duty (C).</th>
<th>Total imports covered by arrangement.</th>
<th>Total imports.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Other than wood pulp and paper.</td>
<td>Wood pulp and paper.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imports into Canada from—</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>$3,163,176</td>
<td>$554,306</td>
<td>$11,448,069</td>
<td>$11,748,272</td>
<td>$32,913,823</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1,190,423</td>
<td>1,495,034</td>
<td>2,577,622</td>
<td>3,554,657</td>
<td>21,004,638</td>
</tr>
<tr>
<td>British colonies</td>
<td>134,635</td>
<td>122,256</td>
<td>2,971,000</td>
<td>3,093,256</td>
<td>20,041,100</td>
</tr>
<tr>
<td>Most-favored nations</td>
<td>157,254</td>
<td>560,441</td>
<td>15,876</td>
<td>17,752</td>
<td>739,968</td>
</tr>
<tr>
<td>Other countries</td>
<td>241,413</td>
<td>391,970</td>
<td>20,076</td>
<td>635,223</td>
<td>30,257,284</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,894,983</strong></td>
<td><strong>630,550</strong></td>
<td><strong>14,471,700</strong></td>
<td><strong>12,074,622</strong></td>
<td><strong>41,072,185</strong></td>
</tr>
<tr>
<td>Per cent from the United States</td>
<td>66</td>
<td>88</td>
<td>79</td>
<td>97</td>
<td>80</td>
</tr>
</tbody>
</table>

Proposed reduction in duties:

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>$1,296,411</th>
<th>$147,660</th>
<th>$571,010</th>
<th>$497,142</th>
<th>$2,311,423</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>62,829</td>
<td>1,429</td>
<td>5,024</td>
<td>4,597</td>
<td>99,382</td>
<td></td>
</tr>
<tr>
<td>British colonies</td>
<td>20,212</td>
<td>21,414</td>
<td>18</td>
<td>90,644</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most-favored nations</td>
<td>20,077</td>
<td>6,382</td>
<td>800</td>
<td>107</td>
<td>32,148</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,412,219</td>
<td>150,771</td>
<td>595,388</td>
<td>497,267</td>
<td>2,663,365</td>
<td></td>
</tr>
<tr>
<td>Per cent of total reduction affecting the United States</td>
<td>92</td>
<td>95</td>
<td>95</td>
<td>100</td>
<td>94</td>
<td></td>
</tr>
</tbody>
</table>

1 Table taken from U. S. Department of Commerce and Labor, Tariff Series, No. 23, Tariff Relations of Canada, p. 52.

Of the total imports into Canada from the United Kingdom in the fiscal year 1910 amounting to $95,350,300, only $6,394,638, or 6.7 per cent of the total, would have been affected by the arrangement;

\(^3\) See p. 681.

185766°—22——44
and for only a part of this 6.7 per cent, although the larger part (all under schedule A, and some under schedules B and D), would the preference have been wholly eliminated.

**THE SIGNIFICANCE FOR THE PREFERENCE MOVEMENT OF THE DEFEAT OF RECIPROCITY.**

The defeat of reciprocity had considerable significance for the movement for imperial preference aside from the fact, which has already been dwelt upon, that the establishment of reciprocity would have resulted in an impairment of the existing Canadian preference to British products. All those, both in Canada and in Great Britain, who were advocates of the idea of closer union between the component parts of the British Empire saw in reciprocity with the United States a severe reverse to the preferential-tariff policy. To them it appeared that Canada's acceptance of reciprocity would be a clear affirmation that she had given up hope of securing a favored market for her products in Great Britain and had decided to accept as a substitute the American offer of an enlarged market in the United States. They predicted, moreover, that a general weakening of the imperial connection would result from the acceptance of closer commercial relations with the United States, and that dependence on the American market would bring for Canada political dependence also.

Some American advocates of reciprocity declared that the reciprocity proposals were not intended to forestall the closer union of the Empire, whether commercially or politically, and Mr. Payne, the chairman of the House Committee on Ways and Means, had described the Canadian preferential schedule as "an arrangement within the family, to which no exception could be taken." But statements different in import had also been made by American statesmen, and in particular a statement of President Taft, made in 1911, was widely quoted in Canada as evidence that the reciprocity proposals were intended to destroy the scheme of reciprocal preferential trade within the Empire.49

The Liberals denied that reciprocity would adversely affect the preferential policy, and on the part of the Liberal press which favored reciprocity the extension of British preference was advocated as a natural corollary to the reciprocity agreement. The defeat of the reciprocity proposal, however, was generally accepted as a favorable omen for the preferential policy. The Conservative leaders who visited England after the rejection of reciprocity were enthusiastically received, and the Canadian proponents of reciprocal preference were jubilant at its defeat. The campaign for reciprocal preference was once more brought to life by the defeat of reciprocity.

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49 This statement of President Taft's was as follows: "I have said that this was a critical time in the solution of the question of reciprocity. It is critical because unless it is now decided favorably to reciprocity it is exceedingly probable that no such opportunity will ever again come to the United States. The forces which are at work in England and Canada to separate her by a Chinese wall from the United States and to make her part of an imperial commercial band, reaching from England around the world to England again, by a system of preferential tariffs, will derive an impetus from the rejection of this treaty, and if we would have reciprocity with all the advantages that I have described, and that I earnestly and sincerely believe will follow its adoption, we must take it now or give it up forever." Reported in Current Literature, June, 1911, p. 592.
V. The Preferential Policy in Canada, 1911–1921.


The Conservatives, on their accession to power, in 1911, announced that the Canadian tariff was to be examined by a newly appointed tariff commission, and that until it had made its report no change in the tariff was to be expected. The commission had not yet submitted its report at the outbreak of the war, and in the meantime there was no change of any importance in the tariff.

In 1912 a reciprocal preference agreement was concluded with certain of the British West Indies. In return for a preference to Canadian products in the West Indian colonies, Canada agreed to grant a preference of not less than 20 per cent on a number of specified products of the West Indies, including sugar, cocoa, and lime juice. In order to carry out this agreement it was necessary for Canada to establish duties on imports of raw cocoa and of lime juice when coming from foreign countries, and to cancel the privilege to sugar refiners which had been granted in 1909 by the Liberal Government, of importing foreign raw sugar at the rates of the preferential tariff to an amount equal to 20 per cent of their production of refined sugar. As the British West Indies had been granted in 1898 the preferential rates of the Canadian tariff, amounting to a reduction of duties from the general rates of over 20 per cent in practically every instance, there was no need for any other adjustment of the Canadian tariff.\(^4\)

THE CUSTOMS WAR REVENUE ACT, 1915.

On February 11, 1915, Mr. White, the minister of finance, announced the intention of the Government to secure the enactment of special import taxes as a means of contributing to the cost of the war. The proposal, which was enacted as the customs war-revenue act, 1915,\(^4\) provided for duties of 5 per cent ad valorem in the preferential schedule and 7\(\frac{1}{2}\) per cent ad valorem in the intermediate and general schedules, to be imposed on articles in the free list and to be added to the existing duties on articles in the dutiable list of the general tariff law. The act provided, however, for a long list of articles to be excepted from the additional duties, including, among others, the items for which the intermediate rates were “bound” by the Franco-Canadian conventions of 1907 and 1909.

CANADIAN ATTITUDE TOWARDS THE WAR-TIME PREFERENCE MOVEMENT IN GREAT BRITAIN.

The war years were marked in Great Britain by a revival of the movement for imperial preference and tariff reform. This policy received the support of important Government officials and of official committees. In Canada the British revival of the movement for protection and for imperial preference was welcomed, but was received with caution even by those who had always ardently advocated such a policy. There was a general fear lest attempts

\(^4\) A full account of the tariff relations between Canada and the West Indies is given on pp. 680–714.
\(^4\) Provisionally in effect Feb. 12, 1915; enacted into law Apr. 8, 1915; repealed in 1919 and 1920. See pp. 689, 671.
be made, through definite agreements between Great Britain and the Dominions, to bind Canada to a definite fiscal policy and to restrict its autonomy in regard to customs tariffs.43

The Canadian position at that time with regard to a preference in Great Britain to Canadian products may be stated to have been as follows: Canada desired and would welcome such a preference, but only if Great Britain, after due consideration of its own economic situation, and not as a concession to an importunate colony, decided that the establishment of protective duties on products such as Canada exports, with preferential reductions or remissions of duty on imports from Canada, was in her own interest.

AGITATION FOR REVISION OF THE TARIFF.

A strong agitation for a lowering of the tariff has been under way in Canada since early in 1917, and has become much more insistent since the signing of the armistice. The movement was given its first stimulus by the farmers, especially in the west. The campaign for lower tariff has taken the form of a demand upon the Government to accept the 1911 offer of reciprocity still alleged to be on the statute books of the United States44 and to increase the preference on British manufactured goods.

The first important step in the campaign was the introduction on May 29, 1917, of the following motion of amendment to the customs tariff by Mr. Frank Oliver, a western Liberal:

That * * * in the opinion of this house it would be in the public interest if the customs tariff act were so amended as to provide—

1. That wheat, wheat flour, and all other products of wheat be placed upon the free list.
2. That farm implements and machinery, farm tractors, mining, flour, and sawmill machinery, and repairs for same, rough and partly dressed lumber, illuminating, lubricating, and fuel oils, cement, and fertilizers be added to the free list.
3. That staple foods and food products (other than wheat flour), domestic animals and the food therefor, be admitted into Canada free of duty when coming from and being the product of any country admitting like Canadian articles into such country free of duty.
4. That substantial reductions be made in the general tariff on all articles imported into Canada, except luxuries.
5. That the British preference be increased to 50 per cent of the general tariff.45

The Liberal opposition supported the amendment, but it was defeated on a party vote.

THE COALITION GOVERNMENT AND THE TARIFF.

In 1917, in order to obtain more united support of the Government's war program, a number of Liberals were invited to enter the cabinet to form a coalition Government. In a general election

43 See the reference by Mr. Walter Long, the colonial secretary to the war cabinet, to the approval of preference within the Empire in The Times (London), July 23, 1918, and the comment by Premier Borden, in The Economist (London), Aug. 3, 1918.
44 On Apr. 13, 1921, Mr. Fielding moved in the House of Commons of Canada that the reciprocity agreement of 1911 with the United States be accepted, but the motion was rejected by a vote of 100 to 79. A bill to repeal the reciprocity act was passed by the House of Representatives of the United States on Oct. 9, 1921, but no action was taken on the bill by the Senate. (See Congressional Record for Oct. 9, 1921, pp. 7021 and 7029; and Weekly Compendium No. 51, June 9, 1920, p. 26. [H. R. bill No. 7779].) See, however, the decision of the Court of Customs Appeals in the case of Dow Co. v. United States (7 Court of Customs Appeals, 343). This decision held that sec. 2 of the Canadian reciprocity act was repealed by the tariff act of 1913. Dicta of the court suggest that the same rule would apply to sec. 1. If a case under this section should arise. "The tariff act of 1913," said the court, "shows, we think, that it was intended as a substitute for all prior tariff legislation not saved by the act itself. * * * An act of that character must be held to have repealed all prior laws not expressly continued in force and relating to the same subject."
The signing of the armistice removed the hesitation which had existed during the actual fighting to press a political issue not connected with the war. The farmers throughout the country had been perfecting their organization and immediately upon the signing of the armistice they began holding conventions and meetings, at which resolutions were passed demanding a lower tariff and an increase of the British preference. Resulting partly from the prevalence among Canadian farmers of the conviction that the Liberals had failed when in power to redeem pledges made when in opposition to lower the tariff, the farmers did not show themselves ready fully to cooperate with the opposition Liberals, but organized for independent political action. At the same time, a labor party was showing signs of developing in the cities and towns and negotiations for joint action between farmers and labor promised, if successful, to leave the Liberal Party without a constituency outside the Province of Quebec. The Labor Party showed a tendency to remain neutral on the tariff question, but cooperation with the farmers whereby the support of the farmers for radical social legislation would be exchanged for support by labor of the farmers’ tariff demands, promised to be established.

The signing of the armistice released the forces advocating tariff revision, and at once meetings were held, resolutions were passed, and members of Parliament were memorialized in support of a lower tariff. Most important of the resolutions were those passed by the Canadian Council of Agriculture, an organization representing the organized farmers of Ontario, Manitoba, Saskatchewan, and Alberta, and to a lesser extent, those of the other Provinces also, which soon came to be regarded as the farmers’ program.

The farmers’ tariff program.—The tariff resolutions adopted by the Canadian Council of Agriculture have formed the basis of much of the subsequent tariff agitation and they were later adopted in large measure by the Liberal Party at a national convention. After setting forth reasons for a change in the tariff system, the resolutions urged that the Canadian tariff laws should be amended, as follows:

(a) By an immediate and substantial all-around reduction of the customs tariff.
(b) By reducing the customs duty on goods imported from Great Britain to one-half the rates charged under the general tariff, and that further gradual uniform reductions be made in the remaining tariff on British imports that will insure complete free trade between Great Britain and Canada in five years.
(c) That the reciprocity agreement of 1911, which still remains on the United States statute books, be accepted by the Parliament of Canada.
(d) That all foodstuffs not included in the reciprocity agreement be placed on the free list.
(e) That agricultural implements, farm machinery, vehicles, fertilizers, coal, lumber, cement, illuminating fuel, and lubricating oils be placed on the free list, and that all raw materials and machinery used in their manufacture also be placed on the free list.

(f) That all tariff concessions granted to other countries be immediately extended to Great Britain.

(g) That all corporations engaged in the manufacture of products protected by the customs tariff be obliged to publish annually comprehensive and accurate statements of their earnings.

(h) That every claim for tariff protection by any industry should be heard publicly before a special committee of Parliament.

As these tariff reductions may very considerably reduce the national revenue from that source, the Canadian Council of Agriculture would recommend that in order to provide the necessary additional revenue for carrying on the government of the country, and for the bearing of the cost of the war, direct taxation be imposed in the following manner: * * *

The development of organization for political purposes of the farmers and of labor along lines of opposition to the Union Government threatened to deprive the opposition Liberals of their basis of existence as a political party. Although they were traditionally the low-tariff party, their failure when in power fully to redeem their low-tariff pledges was now reacting against them. The opposition Liberals were further handicapped by the fact that they had only one representative in Parliament from the Provinces west of Ontario, and by their war-time opposition to conscription.

LIBERALS FAVOR FARMERS' PROGRAM; MANUFACTURERS OPPOSE IT.

In the election campaign in December, 1917, Sir Wilfrid Laurier had included in his manifesto a promise that he would remove the war tax of 5 and 7½ per cent on imports, and in a speech before a convention of eastern Ontario Liberals on January 14, 1919, shortly before his death, he declared that the Liberals would continue to support the policy of a tariff for revenue and of preference to British imports. At this meeting a resolution was passed supporting the resolution moved by the Liberal opposition in the House of Commons in May, 1917, for a downward revision of the tariff and an increase in the British preference to 50 per cent of the general tariff; and other resolutions were adopted dealing with questions of social legislation, which followed closely those adopted by the Canadian Council of Agriculture. Shortly afterwards, the Saskatchewan Legislature, in which the Liberals were dominant, passed a series of resolutions modeled on those adopted by the Canadian Council of Agriculture. The resolution bearing on British preference urged:

The reduction of the customs duty on goods imported from Great Britain to one-half the rates charged under the general tariff and * * * further gradual uniform reductions * * * to the remaining tariff on British imports that will insure complete free trade between Great Britain and Canada in five years.

As Parliament was about to reassemble in the spring of 1919 the tariff agitation redoubled in intensity. The manufacturers, to meet the agitation, initiated, through the Canadian Manufacturers' Association, an extensive advertising campaign against tariff revision and were assisted in their campaign by the newly organized Canadian Reconstruction Association, composed chiefly of manufacturers and financiers and established to check the growing agitation for radical

46 The Monetary Times, Toronto, Jan. 24, 1919.
tariff and other economic legislation. These organizations claimed that the tariff was necessary to provide the great revenue needs of the Federal Government and pleaded with the farmers that they should not desert the manufacturers now after farmers and manufacturers had cooperated for 40 years in building up the Dominion.

The Unionist members from the west supported the demands for a reduction of the tariff, and on March 25, 1919, Sir Thomas White, the minister of finance, in a statement made to a caucus of Unionist senators and members of the House of Commons, promised a general revision of the tariff after normal conditions had been restored in the Dominion and after all the interests concerned—industrial, trade, and agricultural—had been heard.

**PREFERENCE INCREASED BY TARIFF AMENDMENT OF 1919.**

On June 5, 1919, Sir Thomas White delivered the budget speech containing the tariff proposals of the Government. The war tax of 7½ per cent ad valorem under the general and intermediate tariffs, which had been imposed in 1915, was to be taken off a number of necessaries, including chiefly foodstuffs, cotton, linen and woolen clothing, leather and leather products, bituminous coal, petroleum oils, and agricultural implements. The war tax of 5 per cent ad valorem under the preferential tariff was to be abolished for all items. A number of changes were proposed for rates in the tariff law, the most important of which were reductions of duty on agricultural implements. Tea imported direct from the country of production, or purchased in bond in the United Kingdom, formerly admitted free of duty, was to be subjected to a duty of 7 cents a pound under the preferential tariff and 10 cents a pound under the intermediate and general tariffs, a new preference thus being established in favor of British-grown tea.

Sir Thomas White, in announcing the proposals of the Government, made it clear that these were not to be interpreted as the final program of the Government. In view of the revenue needs of the Government, and disturbed industrial and social conditions, the Government was not prepared to make any further changes in the tariff at this time. Until peace was restored and the world was upon a more stable basis, an intelligent revision of the tariff could not, in their opinion, be made, but White expressed the hope that a general revision of the tariff could be undertaken within a year.

The proposed changes were a compromise between the protectionist and the low-tariff sections of the Unionist Party. One member of the cabinet, Mr. Crerar, and a few private members, left the Government because of their dissatisfaction with the limited extent of the tariff reductions made.

But there was a general feeling, even in the west, that under the disturbed industrial conditions ruling at that time in Canada and with the needs of the Government for revenue as great as they were, the time was not appropriate to endanger the Government on the tariff issue. The Government’s proposals obtained the approval of the house by a majority of 50 votes.

The increase in the British preference which would result from the proposed amendments was scarcely mentioned in the course of the
two weeks' debate. When the House went into committee of ways and means on the budget proposals, the minister of finance, upon being asked why the 5 per cent war tax under the preferential tariff was taken off and not the 7½ per cent war tax under the intermediate and general tariffs, replied that it was a question of revenue needs—first, the war tax under the preference was to be taken off, and then, all the war taxes on necessaries, but further the Government would not go.

The abolition of the 5 per cent war tax under the preferential schedule effected a substantial increase in the amount of preference granted to British imports for those items upon which the 7½ per cent war tax continued in effect. For those items, on the other hand, which were relieved also from the 7½ per cent war tax, the amendment reduced the preference by 2½ per cent ad valorem.

The customs war revenue act of 1915 had established new preferences of 2½ per cent ad valorem on a number of items upon which no preferences had formerly been granted. In many cases the amendment of 1919, by removing the 5 per cent tax on British imports, increased these preferences to 7½ per cent ad valorem. Most important in this group were alcoholic beverages, perfumes, paints, and varnishes containing alcohol, nonferrous metals in primary and intermediate forms, wool and worsted yarns, and crude rubber.

Many items which already received a preference under the tariff of 1907 when of British origin and which were granted an additional preference of 2½ per cent ad valorem by the customs war revenue act of 1915 now were to receive a further preference of 5 per cent ad valorem through the abolition of the war tax on goods entitled to the preference. This group includes all the items not specially exempted from 1915 by the war tax, which were receiving a preference before 1915, and, therefore, covers the greater part of the imports from Great Britain.

The establishment of a preference of 3 cents per pound on British-grown tea and of 7½ cents ad valorem on crude rubber increased the value of the Canadian preference to India, Ceylon, and the Federated Malay States.

**Liberal Convention, August, 1919, Demands Increase of Preference.**

From August 5 to 7, 1919, there was held in Ottawa a national Liberal convention, the first since 1893, at which the Liberal organizations of the entire Dominion were represented by delegates. The Liberal Party at the convention committed itself definitely to a low-tariff policy. Resolutions proposing the free admission of necessaries, the lowering of duties on wearing apparel and other articles of general consumption other than luxuries, and an increase in the British preference to 50 per cent of the general tariff were adopted almost unanimously and amidst great enthusiasm. The influence of the western sentiment in favor of a low tariff was evident at the convention, and the tariff resolutions adopted bore a close resemblance.

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to those adopted by the Canadian Council of Agriculture. The tariff resolutions, as adopted, were as follows: 48

That the best interests of Canada demand that substantial reductions of the burdens of customs taxation be made with a view to the accomplishing of two purposes of the highest importance:

First. Diminishing the very high cost of living which presses so severely on the masses of the people.

Second. Reducing the cost of the instruments of production in the industries based on the natural resources of the Dominion, the vigorous development of which is essential to the progress and prosperity of our country.

That to these ends, wheat, wheat flour, and all products of wheat; the principal articles of food, farm implements, and machinery, farm tractors; mining, flour, and sawmill machinery and repair parts thereof; rough and partly dressed lumber; gasoline; illuminating, lubricating, and fuel oils; nets, net twines, and fishermen’s equipment; coments and fertilizers, should be free from customs duties, as well as the raw material entering into the same.

That a revision downward of the tariff should be made whereby substantial reductions should be effected in the duties on wearing apparel and footwear and on other articles of general consumption (other than luxuries), as well as on the raw material entering into the manufacture of the same.

That the British preference be increased to 50 per cent of the general tariff.

And the Liberal Party hereby pledges itself to implement, by legislation, the provision of this resolution when returned to power.

PREFERENCE DECREASED BY ABOLITION OF WAR SURTAX.

The 7½ per cent ad valorem war surtax which, except for the articles exempted in 1919, applied to all goods imported under the intermediate and general tariffs was removed under the tariff provision of the Canadian finance act of 1920. This change, which became effective on May 19, 1920, effected a reduction of the British preference by the amount of the duty.

CUSTOMS RULING ON EXCHANGE AIDS BRITISH PREFERENCE.

The commissioner of customs on July 22, 1920, announced a ruling which effected a substantial reduction of the duty on imports from Great Britain and other countries where the exchange rates were in favor of Canada. Under regulations previously in force, goods had been valued, for customs purposes, at the par value of the currency of the exporting country; that is to say, the basis of valuation was the market value of the goods in the country of export as expressed in the currency of that country, and duty was charged on that amount at the par rate of exchange. The result was that imports from the United States, which enjoyed a favorable rate of exchange on Canada, were undervalued, while countries with depreciated currencies were compelled to pay duty at an overvaluation. In the case of Great Britain and the United States the effect of these regulations, when the pound sterling was at a depreciation of 20 per cent and the United States dollar at an appreciation of 10 per cent, was the obliteration of the normal British preference. 49 The new ruling provided that the basis of valuation of imports from countries with depreciated

48 Toronto Globe, Aug. 7, 1919.
49 The normal preference is about one-third of the Canadian duties, which range from about 20 to 35 per cent. The greater the fraction of the ordinary duty remitted in favor of imports from Great Britain, the greater are the depreciation and appreciation required to obliterate the preference. The extreme case is that of goods admitted free from Great Britain and dutiable from other sources, in which case no appreciation of the dollar or depreciation of the pound would result in an entire obliteration of the preference.
currencies should be the value of the foreign currency in its relation to gold, and for customs purposes the value of this currency was to be the exchange on Canada in the country of export at the date of shipment. This ruling conferred a real advantage upon European countries as compared with the United States and Japan; but a change, embodied in an act of June 4, 1921, curtailed this advantage as regards those countries whose currencies are at the greatest discounts, by denying recognition to depreciation in excess of 50 per cent. Further, the same law provided that the valuation of products of countries whose currencies are above par in Canada should be increased in proportion to the appreciation of their currencies; i.e., the amount payable under ad valorem duties upon imports from the United States has been raised by 10 per cent or more.

FRANCO-CANADIAN TRADE AGREEMENT, 1921.

France, late in 1918, announced her intention of terminating all trade agreements with a view to obtaining a free hand in determining her postwar trade policy in accordance with the changed conditions brought about by the war. In denouncing her trade agreements France announced that she desired to continue them in force, subject to termination on three months' notice by either party, until new agreements should be consummated. Among the commercial treaties thus denounced by France but continued temporarily in force were the conventions of 1907 and 1909 with Canada. Canada finally terminated them in June, 1920.

On January 29, 1921, Canada and France entered into a new trade agreement to supersede the trade conventions of 1907 and 1909 between those two countries. Under the conventions of 1907 and 1909, Canada received the minimum rates on 152 items of the French tariff, while under the new agreement Canada receives the same rates as before on all but 12 of these items. On these 12 items, which consist of iron and steel products, gloves, furniture, pianos, organs and accessories thereof, Canada is granted stated percentage rebates of duty based on the difference between the rates of the maximum and minimum tariffs. These percentages are to remain the same regardless of the increases or decreases in duties, coefficients, or surtaxes which France may make in the future. As a recompense to Canada for her failure to obtain the rates of the minimum tariff on these 12 items, France grants to Canada special treatment on an additional list of 31 articles, including linseed oil, petroleum and other mineral oils, oxides and salts of cobalt, steam and gas engines, agricultural machines and machine tools. Of these 31 articles, 23 are subject to the rates of the minimum tariff and 8 are given percentage rebates of duty based on the difference between the

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[a] Department of customs and excise act, Ch. 26, 11, 12, George V. Under this law an American exporter who agrees to accept Canadian dollars at par when the depreciation exceeds 5 per cent makes the exports liable to the antidumping duty.

[b] The conventions had become effective in 1910. See p. 676.

[c] The act of the Canadian Parliament providing for the execution of this agreement was assented to on May 3, 1921, and became effective at once. But the agreement had been ratified by France on Mar. 12 (effective Mar. 25) and, according to a statement of Sir George Foster, became effective in Canada on Mar. 27. House of Commons Debates, Ottawa, Mar. 22, 1921, pp. 1229-9.

[d] The amount of duty to be paid on these items is found by multiplying the difference between the rates of the minimum and maximum tariffs by the percentage opposite each item. The product is the amount of the rebate, and, subtracting this amount from the rate of the maximum tariff, gives the rate of duty to be paid on these items.
minimum and maximum tariffs. In return, Canada extends to French products the most favorable tariffs and taxes that are, or may be, granted by Canada to the products of any third Power, except those of the United Kingdom or of the British dominions and possessions. Canada also grants to France most-favored-nation treatment as regards exportation, transit, consumption taxes, and other internal duties. French products thus receive the benefit of the Canadian intermediate tariff, but they are no longer accorded special rates below the rates of the intermediate tariff, as was the case under the conventions of 1907 and 1909.

The new agreement applies only to Canada and France, whereas the conventions of 1907 and 1909 applied also to French colonial possessions. The present arrangement is to remain in force until the conclusion of a new commercial convention, but may be denounced by either party on four months' notice.

TARIFF REVISION PENDING.

Outside of the removal of the war surtax no change of importance was made by the finance act of 1920. A tariff commission, however, was appointed to hold hearings in all the Provinces to procure information on which to base the next revision of the tariff. The commission began its sittings in Winnipeg on September 14, 1920. But, though the commission completed its hearings in December, 1920, the revision of the Canadian tariff has been postponed to allow the Government to study the new situation which will result from the revision of the American tariff. Accordingly, the changes of rates proposed in the annual budget introduced on May 9, 1921, and provisionally effective on May 10, were confined almost exclusively to those necessary to carry out the Canada-West Indies trade agreement. (See p. 711.)

VI. INTERCOLONIAL PREFERENCE.

The tariff relations of Canada with her sister Dominions and the British Crown colonies are here treated under two heads. The summary gives the essential points of the whole story, parts of which are more fully treated in the other chapters to which references are made, and the section on the relations of Canada with the West Indies traces in some detail the development in Canada of a tariff policy which gives special consideration to West Indian interests and which, some now affirm, looks toward the establishment of a commercial, if not a political, union.

SUMMARY OF CANADA'S TARIFF RELATIONS WITH OTHER BRITISH POSSESSIONS.

EARLIER NEGOTIATIONS, TARIFF OF 1897.

With the exception of the reciprocal preferences established between Canada and Prince Edward Island prior to the entrance of

33 The commission consisted of Sir Henry Drayton, minister of finance (chairman); Hon. J. A. Calder, president of the privy council; and Senator Robertson, minister of labor. Mr. Calder was in Europe when the commission began its work, and his place was filled temporarily by the Hon. Dr. Tolmie, minister of agriculture.
34 The only other change of any importance was an increase in the duties on liquors, duties in respect to which, with the exception of those on rum and wines, no preference is given. For changes in administrative features of tariff legislation see pp. 692 and 719.
the island into the confederation and of a preference in the Canadian
market to the products of the Newfoundland fisheries,\textsuperscript{55} there was
no instance after 1867 and prior to 1897 of a direct preference in
Canada to imports from other British colonies. Negotiations for
reciprocity with the British West Indies were undertaken at least
twice but came to nothing.\textsuperscript{56} The colonial conference at Ottawa in
1894 gave some impetus to the movement for intercolonial preference.
Shortly after the conference Canada negotiated a reciprocity arrange-
ment with New Zealand, but the New Zealand Legislature refused to
ratify it.

Under the customs tariff act of 1897 the controller of customs was
authorized to extend the rates of the "reciprocal tariff" to any
country whose tariff was as favorable to Canadian products as the
rates of the reciprocal tariff were to its products. The only British
possessions to receive the benefit of the reduced rates under this act
were India and New South Wales.\textsuperscript{57}

\textbf{Preferential Tariffs of 1898 and 1907.}

The tariff act of 1898 provided for the admission under the prefer-
ential schedule of raw sugar imported direct from any British colony
or possession\textsuperscript{58} of the products of Bermuda, British Guiana, the
British West Indies proper,\textsuperscript{59} and of the products of any other British
colony or possession, the customs tariff of which was, in the judgment
of the minister of customs, on the whole as favorable to Canada as
the preferential duties were to such colony or possession. Accord-
ingly, British colonies which had low revenue tariffs on imports in
most cases received the benefit of the Canadian preferential tariff
without having to bargain for it. By Orders in Council of July 14,
1898, the products of India, of New South Wales,\textsuperscript{60} and of the Straits
Settlements were admitted at the preferential rates. The tariff
revision of 1907 added Ceylon to the list of colonies entitled to the
preferential rates. This act continued the preference to the British
West Indies, but made it subject to withdrawal at the discretion of
the minister of customs, as were the preferences extended to other
British colonies.

\textbf{New Zealand.}\textsuperscript{61}

In 1903 New Zealand established a preference on imports of British
and British colonial origin by imposing surtaxes on a restricted list
of articles when of non-British origin. Canada, by Order in Council
of February 26, 1904, thereupon granted to New Zealand the bene-
fits of the Canadian preferential tariff. The Canadian Government
made several attempts, especially during the years 1906–7, when the
New Zealand tariff was undergoing revision, to negotiate a special
reciprocal arrangement, similar in character to the one negotiated
in 1907 between New Zealand and South Africa, but the efforts of
the Canadian representatives came to nothing.

\textsuperscript{55} See p. 731.
\textsuperscript{56} See p. 696.
\textsuperscript{57} New South Wales pursued a free-trade policy. For the tariff of India, see p. 332.
\textsuperscript{58} Amended in 1907 to require that the sugar shall be the produce of a British colony as well as imported
therefrom.
\textsuperscript{59} For the reason for including the West Indies and for the value of this preference to them before and
after 1903, see pp. 692–700.
\textsuperscript{60} On the formation of the Australian Commonwealth in 1901, New South Wales ceased to have a separate
tariff, and became subject to the Commonwealth tariff, which was protective in character. The Canadian
Order in Council extending preferential rates on imports from New South Wales was rescinded on Jan.
29, 1903.
\textsuperscript{61} See chapter on preferential policy in New Zealand, p. 771.
The South African colonies forming the South African customs union first established preferential rates in their tariff under the customs union convention of 1903. By arrangement between Canada and the customs union, each granted to the other the benefits of their preferential tariffs, beginning with July 1, 1904. Canada, in addition, agreed to classify South African wines so that they should not be subject upon importation into Canada to the surtax of 30 per cent ad valorem if exceeding a certain alcoholic content.

BRITISH WEST INDIES.

As the result of a conference at Ottawa in 1912, Canada and 10 of the British West Indian colonies ratified and made effective from June 2, 1913, a reciprocal trade agreement. In accordance with this agreement, Canada increased the preference hitherto granted to products of all the British West Indies and pledged its continuance for 10 years to the parties of the agreement. Special treatment was granted to sugar, cocoa, limes, and lime juice, and other products of the West Indies were granted a reduction of 20 per cent from the rates of the general tariff. In return the West Indian colonies, which were parties to the agreement, made a like reduction upon a list of 47 Canadian products.

In 1920 a new Canada-West Indies trade agreement was made which has now been ratified and put into effect by Canada and by all the British West Indies except Bermuda. This agreement provides for the admission into Canada of all dutiable products of the West Indies, except tobacco and liquors, at a reduction of 50 per cent from the ordinary duties. The West Indies likewise have agreed to increase their preference to Canadian products, though most of them grant a smaller percentage of reduction from their general tariff rates than that which Canada grants to their products.

OTHER CROWN COLONIES.

The Canadian Government, by Order in Council of February 1, 1913, extended the benefits of the preferential tariff to all the free-trade British colonies with the exception of Gibraltar, Malta, Cyprus, and Hongkong. The character of the trade of these four colonies and their proximity to foreign sources of imports into Canada made it inexpedient to extend the preference to them. Twenty-five additional colonies were thus granted the benefit of the preferential tariff, including British Honduras, which alone of all the British West Indies did not already enjoy it.

AUSTRALIA.

No preferential relations have been established between Canada and Australia, in spite of repeated negotiations, initiated, generally, by the Canadian Government. In 1906 Australia negotiated recip-

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62 See chapter on preferential tariffs in British South Africa, p. 752.
63 See p. 706.
64 See p. 362.
65 See p. 712 for the rates on sugar and certain other products.
66 Pursuant to sec. 4 of the Canadian Customs Tariff Act of 1907, authorising the Governor General in Council to extend the preference to any British colony not already entitled to it.
67 See chapter on preferential tariffs in Australia, p. 785.
reciprocal preference with South Africa, and in 1908 she granted a preference to imports from Great Britain. In neither case did Australia extend the benefits of the preferential rates to Canada. On the other hand, Canada refuses to grant preferential treatment to Australian goods unless a reciprocal preference is granted by Australia.

Sir G. E. Foster, the Canadian minister of trade and commerce, has explained the failure to establish preferential relations between Canada and Australia as due to the short terms of office of the Australian governments, which make negotiations difficult. A more important factor appears to have been the reluctance of Australia to admit at reduced rates of duty the products for which Canada especially sought preferential treatment, such as fish, lumber, agricultural implements, and paper, owing to their competition with Australian products. Negotiations are (Oct. 1921) again in progress.

NEWFOUNDLAND.**

Newfoundland is the only one of the self-governing colonies which has not established a direct preference on imports from Great Britain or from British colonies. Her chief exports are the products of the fisheries, and for these her most important markets are in Great Britain and in foreign countries. Newfoundland has always sought to obtain a reciprocity arrangement with the United States, and her reluctance to enter into preferential arrangements with British countries has been due in large part to her fear lest such arrangements endanger her chances of securing reciprocity with the United States.

Canada withholds the benefits of her preferential tariff from the products of Newfoundland. But, with the exception of the period from 1885 to 1892, a special preference has been granted by Canada to the products of the Newfoundland fisheries, whereby they enter into Canada free of duty. The exports from Newfoundland to Canada are inconsiderable in amount, and, with the exception of the products of the fisheries, consist almost wholly of iron ore, which is on the Canadian free list and is necessary to the Nova Scotian steel industry. Newfoundland has little to gain, therefore, from a preferential arrangement with Canada.

RELATIONS OF CANADA WITH THE BRITISH WEST INDIES.

NEGOTIATIONS FOR RECIPROCAL PREFERENCE, 1883, 1890.

In 1883 Canada initiated her attempts to regain her former share in the West Indian trade through the negotiation of a recip-

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96 The Nation (New York), Nov. 2, 1918, "British Imperial Preference."
97 See chapter on the preferential policy in Newfoundland, p. 721.
98 Customs tariff of 1907:
99 Notwithstanding anything in this act, fish and other products of the fisheries of Newfoundland may be imported into Canada free of customs duty unless otherwise determined by the Governor in Council, by order published in the Canada Gazette.
100 The commercial relations between Canada and the British West Indies were of considerable importance in the early days of Canada. The shipping and shipbuilding industries of the maritime Provinces and lower Canada, and the navigation law restrictions, after the American Revolution, on American commerce with the British colonies, fostered trade between Canada and the British West Indies. But the gradual modification, and finally in 1849 the repeal, of the navigation laws, and, shortly after, the rapid decline in wooden shipbuilding and shipping, altered conditions greatly, and together with the repeal, in 1848, of the British preference on colonial sugar, served to throw the West Indies into very close economic relations with the United States. American goods began to replace British and Canadian in the West Indies, Canada's trade with the West Indies declined both relatively and absolutely, and the United States became the most important market for the sugar, molasses, fruit, and rum of the West Indies. The maritime Provinces in particular felt keenly the loss of the West Indian trade.
rocal arrangement with the colonies. The informal negotiations aimed at the conclusion of a trade agreement, whereby, in return for preferences in Canada on their rum, sugar, fruit, and molasses, the West Indies were to grant a preference on Canadian flour, fish, and lumber. The negotiations were vetoed, however, by the secretary of state for the colonies, who declared that the Imperial Government would not sanction any arrangements which would involve the establishment in the West Indies of differential duties in favor of Canada.73

In 1890 Canada again endeavored to establish closer commercial relations with the British West Indies. In that year Mr. G. E. Foster, the Canadian minister of finance, visited the West Indies with a view to negotiating reciprocal preference. His proposal was as follows:

The Dominion of Canada proposed to give a differential of about 25 per cent as a first go-off on duties at present enforced upon sugar exported from these islands, which would be equal to about $8.50 per ton, and also a differential on fruit, which would be sufficient to secure markets in Canada for sugar and fruit from the British West Indies. In return, the Dominion of Canada asks these islands to concede a differential on her products, which may be briefly combined under the heads of products of the sea, the forest, the field, the mine, animal products, and coal. All that is asked is that these islands shall give a differential equivalent to the differential which Canada offers them.74

The West Indies gave Mr. Foster's proposal a cool reception. The McKinley tariff bill was then before the United States Congress; the colonies were in the midst of negotiations with the United States aiming to secure for their sugar and molasses free admission into the United States under section 3 of the McKinley tariff in return for concessions to American imports into the West Indies;75 they feared that any tariff concessions to Canada would lead to retaliation by the United States, and at that time Canada was not in a position to offer to the West Indies any tariff advantages valuable enough to offset the advantage of free entrance of their sugar into the United States.

**Canadian Preference Conceded to West Indies, 1893.**

In the spring of 1898, Mr. Fielding, the Canadian minister of finance, in announcing the introduction of a preferential reduction of 25 per cent from the general duties on imports from Great Britain and from British colonies treating Canadian products favorably, stated that the preference would be extended to the products of the

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73 Products of the sugar cane were throughout the nineteenth century the main export products of the British West Indian colonies. The development of beet-sugar production in Europe under the stimulus of production and export bounties led in the latter part of the nineteenth century to a steady and serious decline in the prosperity of the sugar-producing colonies. The cane sugar of the West Indies, produced by antiquated methods and without scientific guidance, could not compete in the British market with the bountied beet sugar. Although the United States offered a market, the American price was governed by the price of European beet sugar, and was not sufficient to maintain sugar production in the West Indies on a prosperous basis. Acute economic distress in the colonies led to the appointment of a series of royal commissions to investigate and to suggest remedies. The only recommendations they could make—the improvement of technique in cane growing and in sugar production, and the diversion of labor and capital to the cultivation of other products—required for their fulfillment the Investment of new capital, and capital would not flow to the colonies without more assurance of profitable returns than the existing economic conditions gave.

74 Canadian Sessional Papers, No. 80, 1898, pp. 38, 39.

75 Quoted from a statement made by Mr. Foster in Barbados, by Eugene M. Aaron, Ph. D., Caribbean Trade. A reply to the Hon. George E. Foster, in "The Gleaner," Kingston, Jamaica, Jan. 14, 1899.

76 Under the agreements reached in 1892 between the United States and the British West Indies, certain tariff concessions were made by the West Indies to the United States, but both the United Kingdom and Canada shared in these. See U. S. Tariff Commission: Reciprocity and Commercial Treaties, p. 152.
British West Indies and to sugar refined in Great Britain from raw sugar produced in British colonies. He explained that a strict interpretation of the provisions of the preferential tariff would not entitle the West Indies to the preference, since they levied import duties on all the important articles of Canadian export, but that as a sign of Canada's willingness to share in imperial responsibilities and as an act of friendship to British colonies in distress, the preference would be extended to them without demand upon them for return concessions. In order to make the concession of significance to the West Indies, raw sugar was transferred from the free to the dutiable list, and thus made subject to the preference.

Until 1900 the preference amounted to 18 cents per 100 pounds for 96° polariscope sugar. But the United States in the Dingley Tariff Act of 1897 had changed the provision for countervailing duties on bountied sugar so as to provide for an additional import duty above the general rate equal in amount to the export bounty, whereas Canada imposed no countervailing duties on bounty-fed sugar. From 1896 to 1903 the German export bounty on raw sugar amounted to 27 cents per 100 pounds. The New York price of raw sugar during this period was almost always on the basis of the cost of German sugar laid down in New York, general duty and countervailing duty paid. West Indian sugar, which was free from the countervailing duty, therefore enjoyed a preference in the American market amounting to 27 cents per 100 pounds, or 9 cents per 100 pounds greater than the preference it received in Canada. The Canadian preference, as long as these conditions remained unchanged, was of little value, therefore, to the British West Indies. Mr. Fielding, the Canadian minister of finance, in his budget speech of 1898, acknowledged this, and on the same grounds the West Indian committee, the representatives in London of the West Indian planters, in correspondence with the colonial office, opposed any action leading toward reciprocal preference with Canada which might endanger, through retaliation by the United States, the American market for West Indian sugar.

In 1900 the Canadian preference was increased to 333/4 per cent of the general duties. On 96° raw sugar this amounted to a preference of approximately 24 cents per 100 pounds. The Canadian preference, even in its increased amount, thus continued to be less than the tariff advantage enjoyed by the West Indies over German sugar in the American market. In this year Mr. Fielding attempted

76 Countervailing duties on bountied sugar.—In the tariff act of 1894 the United States reimposed duties on sugar and molasses, and provided in addition for a countervailing duty amounting to one-tenth cent per pound on sugar receiving export bounties. This countervailing duty practically established a preference on West Indian cane sugar in its competition in the American market with the subsidised European beet sugar, but the amount of the countervailing duty was not sufficient to check the economic depression in the West Indies. The distress became so general and so acute that in 1897 the imperial authorities appointed another royal commission to investigate conditions in the West Indies. The commission reported that some of the colonies were threatened with extinction owing to the downward trend of the price of sugar, and strongly recommended the cultivation of other crops. As a result of the commission's findings, the Imperial Government voted substantial grants in aid to the colonies to alleviate the economic distress, but this measure was not a sufficient remedy. The report was followed in England by considerable agitation on the part of friends of the West Indies in favor of the establishment of countervailing duties on bountied sugar imported into Great Britain. They emphasized the complaints of the West Indies that they received better treatment from the United States than from Great Britain, and they predicted that a continuation of existing conditions would drive the colonies into union with the United States as the only solution for their economic problems. But countervailing duties were opposed by extreme free traders as a contravention of free-trade principles, by consumers who benefited from the cheap sugar and sugar products which resulted from the bounty competition on the continent, and by manufacturers of jam, biscuits, confectionery, and liqueurs, and by the refiners of sugar, who, under the stimulus of the artificially cheapened raw materials, had developed great industries producing for both the domestic and the export trades.
THE SITUATION CHANGES IN 1903.

In 1903 three events greatly altered the conditions governing the sugar export trade of the British West Indies. The Brussels Sugar Convention led to the abolition of beet-sugar bounties; the United States and Cuba concluded a reciprocity treaty; and Canada imposed a surtax of 30 per cent ad valorem on all imports from Germany. In consequence of these events the Canadian preference became the saving factor for the British West Indian sugar industry after 1903. The rapidly increasing consumption of sugar in Canada enabled the West Indies to market a large part of their crop in Canada. Even that portion of their exports which went to Great Britain consisted almost wholly of fancy muscovado sugars (for which a special but limited market existed in Great Britain) and of supplies of centrifugal sugar which were profitably purchased by British refiners only because the Canadian tariff extended the preference to reexports to Canada of British sugar refined from British colonial sugar.  

The Brussels Sugar Convention, 1903.—The Brussels Sugar Convention, which became effective in 1903, and to which Great Britain and all the European beet-sugar producing countries, except Russia, were parties, decreed the abolition of all bounties on the production and export of sugar. The price of sugar then rose in Europe, but the amount of the rise was not as great as the former bounties. The United States’ countervailing duties lapsed with the disappearance of the bounties, and this made it possible to lay down European beet sugar in the American market at a lower price than had previously prevailed, and, consequently, led to lower bids for West Indian cane sugar by American importers. The Brussels Sugar Convention thus brought serious injury to West Indian sugar in what had hitherto been its most important market. Great Britain and Canada had imposed no countervailing duties on bountyed sugar. The rise in price of beet sugar after the abolition of the bounties, therefore, improved the position of cane sugar in these markets, but in Great Britain the change in conditions was not sufficient to enable West Indian sugar to compete on a substantial scale and profitably with European beet sugar. In Canada, however, the rise in price, added to the Canadian preference, created a valuable market for British West Indian sugar.  

United States-Cuba reciprocity treaty, 1903.—In December of the same year the United States-Cuba reciprocity treaty became effective, establishing a preference in the American market of 20 per cent of the American duties on imports of sugar from Cuba. On 96° polariscope sugar this amounted to 33.7 cents per 100 pounds.

Footnotes:
77 Except liquors and tobacco.
78 Canadian customs tariff act of 1897 as amended in 1898, schedule D: "Provided, That the [preferential] reduction shall only apply to refined sugar when evidence satisfactory to the minister of customs is furnished that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies or possessions."
79 Russia became a party to the convention in December, 1907.
80 See the Tariff Commission’s report on Reciprocity and Commercial Treaties.
As a result of the Spanish-American War, Porto Rico and the Philippines had been annexed to the United States. Porto Rican sugar thereby secured free admission 81 into the American market, and Philippine sugar was admitted at a reduction of 25 per cent from the rates of the general tariff. British West Indian sugar came on the market each year at about the same period as the bulk of the Cuban and Porto Rican sugar. During these months of each year sufficient quantities of preferential sugar from Cuba and the American colonies were offered for sale to American importers to put full-duty sugar at a serious price disadvantage in the American market. This situation further enhanced the value to the British West Indies of the Canadian preference.

**Canadian surtax on German sugar, 1903.**—In the same year Canada retaliated for the German penalization of Canadian imports 82 by imposing a surtax equal to one-third of the general tariff rates upon the importation of all German products. In a very short time this surtax practically eliminated German beet sugar from the Canadian market. The American preferences to the sugar of Cuba and of the American colonies prevented supplies from these sources from competing in the Canadian market, so that Canada became for the first time dependent upon British West Indian sugar for a large fraction of its supplies.

**Changes in Canadian Tariff, 1904 and 1907.**

In 1904 Canada added still further to the value of the preference to the British West Indies by transferring to the free list molasses from British colonies when imported directly into Canada, molasses from other sources remaining subject under the Canadian general tariff to a duty of 1½ cents a gallon. Because of the relatively great extent to which the British West Indies still adhered to the old muscovado process, yielding poorer sugar but richer molasses than the centrifugal process, molasses was a more important by-product of the cane-sugar industry in the British West Indies than in competing cane-sugar countries. In Canada, moreover, rich molasses was used in place of sugar to a much larger extent than in any other northern country, and, although consumers of molasses in Canada have in recent years been abandoning it for white sugar, the Canadian market is still important to the colonies which export molasses.

In 1907 in the general revision of the Canadian tariff some changes were made in the sugar duties. The uniform percentage reductions of the preferential schedule were replaced by specified rates of duty lower than the general rates by varying amounts. Table 4 indicates the changes made in the sugar duties, as applied to raw sugar of 96° polariscope and refined sugar of 100° polariscope.

81 See p. 670.
82 Because of Canada’s grant of preferential treatment of British imports. See p. 672.
Table 4.—Canadian preferences on sugar in tariff acts of 1897 and 1907.

[Per 100 pounds.]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$0.71</td>
<td>$0.83</td>
</tr>
<tr>
<td>Preferential</td>
<td>$0.47</td>
<td>$0.52</td>
</tr>
</tbody>
</table>

| Amount of preference     | 0.23%               | 0.31%               |

<table>
<thead>
<tr>
<th>Duties on 100° refined sugar:</th>
<th>Tariff act of 1897.</th>
<th>Tariff act of 1907.</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1.26</td>
<td>1.26</td>
</tr>
<tr>
<td>Preferential (refined from British colonial raw)</td>
<td>0.84</td>
<td>0.84</td>
</tr>
</tbody>
</table>

| Amount of preference     | 0.42%               | 0.42%               |
| Differential between rate on British refined from British colonial raw and rate on British colonial raw | 0.36% | 0.31% |
| Differential between rate on British refined from British colonial raw and rate on foreign raw | 0.13% | 0.00% |

As indicated in the table, the general rate on raw sugar was considerably increased, whereas the preferential rate was only slightly increased, with the result that for sugar of 96° polariscop test the preference was increased from approximately 24 cents per 100 pounds to 31 cents per 100 pounds. The duties on refined sugar remaining unchanged, the protection to the Canadian refiners, both against foreign refined sugar and against British refined sugar from British colonial raw sugar, was decreased. As against the surtaxed German raw sugar, the preference to the West Indian sugar was from 80 to 90 cents per 100 pounds of 96° polariscop test, the amount of surtax (30 per cent ad valorem) varying with the price of sugar.

The Canadian tariff act of 1907 provided (sec. 135a) that raw sugar "when imported to be refined in Canada by Canadian sugar refiners to the extent of twice the quantity of sugar refined during the calendar years 1906, 1907, and 1908 by such refiners from sugar produced in Canada from Canadian beet root" would be admitted at the preferential rate, regardless of its origin, until December 31, 1909. This continued in effect until 1912, and on a reduced scale until 1914. It was an impairment of the preference to West Indian sugar, but the small amount of sugar beets grown in Canada made the concession to the refiners of little significance. The revision of 1907 increased the preference on molasses over 35° polariscop by retaining British colonial molasses on the free list and increasing the duty on foreign molasses from 1½ to 3 cents a gallon.

The tariff changes in 1907 resulted, on the whole, in increasing the value of the preference to the West Indies. The decreased protection to the Canadian refiner resulted in a diversion to the British refineries of some of the West Indian raw sugar. But as this was later reexported to Canada under the preferential tariff, the increased British demand for West Indian sugar was also to be attributed to the Canadian preference. The increase in the Canadian consumption of sugar, added to the effects of the preference, forced the Canadian refiners to depend in great degree upon the British West Indies for their supplies of raw sugar. If the Canadian refiners should, even in combination, attempt to turn to foreign raw sugar, their protection against British refined sugar from British colonial raws would be reduced nominally to one-half cent a hundred pounds, and in reality there would actually be a premium on imports of refined sugar.
because of the wastage of approximately 7 per cent involved in refining. This situation, it appears from the evidence given at the royal commission hearings in 1909 and 1910, enabled the West Indian producers to gain most, if not all, of the preference.

**Concession in 1900 to Canadian Refiners.**

In introducing the annual budget on April 20, 1909, Mr. Fielding stated that the Canadian refiners alleged that they could not get sufficient quantities of British colonial sugar of the right grades and at the right time for their purposes; that through combination the West Indian planters, in order to decrease the amount to be sold in Canada and to keep the Canadian price up at a point where the West Indian planters would gain the full benefit of the preference, sold to the British refiners on a more favorable basis than to the Canadian refiners, and that the West Indian planters thus absorbed all of the preference. Mr. Fielding then announced that any Canadian refiner would be allowed to import foreign raw sugar at the preferential rates to the extent of one-fifth of the weight of sugar refined from raw sugar by such refiner in Canada during the calendar year in which such sugar was imported.

**Table 5.**—Sugar production in the British West Indies and Canadian imports of sugar.

<table>
<thead>
<tr>
<th>Year</th>
<th>Production of sugar in British West Indies</th>
<th>Imports of sugar into Canada</th>
<th>Foreign sugar at preferential rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>From British West Indies</td>
<td></td>
</tr>
<tr>
<td>1891</td>
<td>610.7</td>
<td>355.3</td>
<td>30.0</td>
</tr>
<tr>
<td>1892</td>
<td>610.6</td>
<td>321.3</td>
<td>26.0</td>
</tr>
<tr>
<td>1893</td>
<td>625.0</td>
<td>336.5</td>
<td>25.6</td>
</tr>
<tr>
<td>1894</td>
<td>607.6</td>
<td>239.7</td>
<td>11.1</td>
</tr>
<tr>
<td>1895</td>
<td>626.3</td>
<td>268.1</td>
<td>19.1</td>
</tr>
<tr>
<td>1896</td>
<td>546.2</td>
<td>207.3</td>
<td>5.6</td>
</tr>
<tr>
<td>1897</td>
<td>523.0</td>
<td>239.3</td>
<td>21.4</td>
</tr>
<tr>
<td>1898</td>
<td>633.5</td>
<td>373.7</td>
<td>12.9</td>
</tr>
<tr>
<td>1899</td>
<td>634.0</td>
<td>390.2</td>
<td>28.8</td>
</tr>
<tr>
<td>1900</td>
<td>618.9</td>
<td>392.2</td>
<td>279.7</td>
</tr>
<tr>
<td>1901</td>
<td>692.7</td>
<td>438.1</td>
<td>254.0</td>
</tr>
<tr>
<td>1902</td>
<td>570.4</td>
<td>451.0</td>
<td>324.9</td>
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<tr>
<td>1903</td>
<td>696.2</td>
<td>432.8</td>
<td>247.4</td>
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<tr>
<td>1904</td>
<td>561.6</td>
<td>469.8</td>
<td>347.9</td>
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<tr>
<td>1905</td>
<td>668.9</td>
<td>485.5</td>
<td>322.3</td>
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<tr>
<td>1906</td>
<td>695.3</td>
<td>500.2</td>
<td>271.3</td>
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<tr>
<td>1907</td>
<td>659.2</td>
<td>576.3</td>
<td>333.5</td>
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<tr>
<td>1908</td>
<td>491.4</td>
<td>527.4</td>
<td>381.8</td>
</tr>
<tr>
<td>1909</td>
<td>292.7</td>
<td>265.1</td>
<td>200.8</td>
</tr>
<tr>
<td>1910</td>
<td>385.3</td>
<td>701.6</td>
<td>239.1</td>
</tr>
<tr>
<td>1911</td>
<td>565.4</td>
<td>677.9</td>
<td>390.5</td>
</tr>
<tr>
<td>1912</td>
<td>575.6</td>
<td>559.0</td>
<td>273.6</td>
</tr>
<tr>
<td>1913</td>
<td>575.6</td>
<td>559.0</td>
<td>273.6</td>
</tr>
</tbody>
</table>

*Calendar years for production in British West Indies: following fiscal years for Canadian imports. Figures for 1894-1913 from Statistical Abstract for the British Empire; subsequent figures from U. S. Dept. of Agriculture Yearbook.

* Royal Commission on Trade Relations Between Canada and the West Indies, Minutes of Evidence Taken in Canada, Gt. Brit. Pape. Paper, Jan., 1910, Cd. 4891; Minutes of Evidence Taken in the West Indies, Cd. 3370; Minutes of Evidence Taken in London, Sept., 1910, Cd. 3371.

* There developed a keen controversy between the West Indian planters on the one hand and the Canadian refiners on the other, each side accusing the other of monopolizing the benefits of the preference. According to the royal commission appointed later to investigate the situation, during the three years, 1907, 1908, and 1909, the Greenock refiners paid, for British West Indian sugars, prices which exceeded the current prices of Java sugars by amounts reaching a maximum of $2.04 per ton, and the yearly averages of this excess were, respectively, $1.01, $0.79, and $0.70. This demonstrates conclusively that because of the Canadian preference West Indian sugar was commanding a higher price in Great Britain than would otherwise have been the case.
The concession to the Canadian refiners was of serious importance to the British West Indian sugar trade. The Canadian preference resulted in a premium for their sugar over and above what they could get for it in the world market only if their total surplus for export of sugars suitable for Canadian refining was less than the amount required by Canada at the time of export. As shown by Table 5, the total Canadian importation of sugar was running close to the total British West Indian production in 1909 and 1910. But the supplies for the British Columbia refineries could not come conveniently from the British West Indies, and this was especially true before the opening of the Panama Canal (August, 1914). In 1910 this concession to the Canadian refiners became an even more serious impairment of the Canadian preference because of the suspension of the German surtax. Previous to that the supplies of foreign sugar available to the Canadian refiner were very limited. Cuban and Porto Rican sugar was enjoying a premium in the American market; American sugar was above the world-price basis; French West Indian sugar entered France at preferential rates; German sugar was kept out of Canada by the surtax; and Java sugar was too distant from the eastern and central Provinces. Practically the only foreign sugars available were the Brazilian and Dominican products, and shipping facilities were not always at hand at the right time to make these readily available. The permission to import a quantity of German sugar at the preferential rates greatly lessened the dependence of the Canadian refiners on the products of the British West Indies and made it probable that without close combination on their part the West Indian planters would gain only a small part of the preference.

RENEWED NEGOTIATIONS FOR RECIPROCAL PREFERENCE.

In Canada there was developing a movement in favor of making the grant of the Canadian preference conditional upon the receipt of return advantages. The controversy between refiners and planters also attracted attention to the commercial relations between Canada and the British West Indies. In 1907 the Boards of Trade of Toronto, Halifax, and St. John sent a commission to the West Indies to investigate the trade relations of the colonies. This in turn led to the summoning of a general conference at Barbados in 1908, at which Canada and most of the British West Indian colonies were represented by official delegates. The representatives had no power to bind their Governments, the purpose of the conference being to secure an exchange of views. Resolutions in favor of reciprocal preference and of improved means of communication and transportation between Canada and the West Indies were adopted.

ROYAL COMMISSION TO INVESTIGATE THE COMMERCIAL RELATIONS OF CANADA AND THE BRITISH WEST INDIES, 1909.

In 1908 the Canadian Government, stimulated by the controversy between the Canadian refiners and the West Indian planters and by a reciprocity offer by Barbados,85 and with a view to avoiding simul-

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85 In 1908, shortly after the termination of the conference, Barbados, with the consent of the imperial authorities, enacted a preferential tariff conceding to the products of any British country a reduction of 20 per cent of the general rates of duty on bacon and hams, bran, butter, cheese, cordage, fish, horses, sulphate of ammonia, iron or steel hoops, bars and rods, oats, wood, boots and shoes, soap, beans, and flour. This
taneous negotiations with 16 different colonies, suggested to the imperial authorities, whose assent was necessary before any tariff legislation of the British Crown colonies could become effective, that a royal commission be appointed to investigate the situation and to find a basis for the establishment of reciprocal relations. In the same year the British Government appointed such a commission, consisting of representatives of Great Britain, Canada, and the British West Indies. The commission was instructed to find a suitable basis for a reciprocal arrangement between Canada and the West Indies, and with that purpose in view to hold hearings in England, Canada, and the West Indies. The imperial instructions to the commission stipulated that whatever basis of understanding was reached in the investigation, it must be understood that Great Britain must share in any privilege granted in the West Indies to Canada, and that due regard must be had to the interests of Newfoundland.

Report of the commission.—In 1909 and 1910 the commission held hearings in Canada, England, and the West Indies. Particular attention was directed to the controversy regarding the benefits to the West Indies of the existing Canadian preference and to the possibilities of developing the commerce and the means of communication and transportation between Canada and the West Indies. In its report the commission declared that it appeared to be impossible to ascertain accurately the extent to which the Canadian preference on sugar inured to the benefit of the West Indian planters. It expressed its conviction, however, that the preference had been of great benefit to the West Indian producer of sugar, and that, averaging one year with another, the West Indian producers had received from a third to one-half of the preference, or from 10 to 15 cents per 100 pounds of 96° sugar, above the price which they would have been able to obtain without the preference. In addition, the preference indirectly created a favored market on the Clyde for West Indian sugar. Even more important than any increase in price, in the opinion of the commission, was the security to the West Indian sugar industry which resulted from an assured market for its product in Canada. As an advantageous feature of the preference for Canada, they noted that the preferential admission of British refined sugar from British West Indian raw sugar resulted in competition from British refiners, which compelled the Canadian refiner to share with the consumer that portion of the preference which was not appropriated by the producer of raw sugar.

The commission drew attention to the serious impairment to the preference which resulted from the concession to the refiners of limited importation at preferential rates of foreign sugar, and quoted the following figures to support their argument:

preference was to come into effect conditionally upon the reduction of the Canadian preferential rate on sugar not over 75° polariscope to 20 cents per 100 pounds, the general and intermediate rates to remain unchanged. Such action would have raised the amount of the Canadian preference on 96° polariscope sugar from 31 cents to 421 cents per 100 pounds. Antigua in the same year submitted to the secretary of state for the colonies for his approval a bill for the establishment of a tariff preference on British and Canadian products.

46 Gt. Brit. Parl. Papers, Cd. 5399, Sept., 1910. For the publications containing the minutes of evidence taken by the commission, see footnote on p. 702.
Averages for five years to March 31, 1909.

<table>
<thead>
<tr>
<th>Description</th>
<th>Tons.</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Indian exports</td>
<td>238,300</td>
</tr>
<tr>
<td>&quot;Fancy&quot; sugars to United Kingdom (estimated)</td>
<td>40,000</td>
</tr>
<tr>
<td>Available for Canada</td>
<td>198,300</td>
</tr>
<tr>
<td>Canadian imports for consumption</td>
<td></td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
</tr>
<tr>
<td>Vancouver imports</td>
<td>28,520</td>
</tr>
<tr>
<td>Imports at preferential rates by beet refiners (average 1908–9)</td>
<td>13,280</td>
</tr>
<tr>
<td></td>
<td>41,800</td>
</tr>
<tr>
<td>Available market for West Indies in Canada</td>
<td>151,410</td>
</tr>
</tbody>
</table>

If the refiners used to the full their right to import foreign sugars at preferential rates to one-fifth of their output, the capacity of the Canadian market, the commission pointed out, would be reduced by about 31,000 tons to some 120,000 tons, or less than two-thirds of the available West Indian surplus. On the other hand, production in the West Indies and consumption in Canada were both increasing. Table 6 (p. 708) is interesting in relation to this aspect of the situation.

Recommendations of the commission.—The commission pointed out that there were important political reasons which made it desirable that the commercial relations of the British West Indies with Canada should be strengthened, and recommended strongly that the West Indies grant reciprocal concessions to Canada:

The geographical position of the West Indian colonies must always tend to throw them under the influence of the fiscal system either of the United States or of the Dominion of Canada. Attempts have been made from time to time to obtain for these colonies special advantages in the markets of the United States, whose proximity renders them of special importance to the West Indies. The colonial policy of the United States has now finally stopped advance in that direction; it would be unwise, except for the gravest reasons, now to oppose the natural desire of the West Indian colonies for close connection with the northern Dominion.\(^7\)

The commission formulated a basis upon which Canada and the West Indies might reach a reciprocity agreement. Its proposal involved the concession by the West Indies of a uniform minimum amount of preference. It suggested 20 per cent as a suitable reduction from the duties imposed on foreign imports, and that Canada in turn should assure to the chief products of the West Indies a preferential reduction of 20 per cent from the general tariff rates. As a solution of the differences between planters and refiners, it was suggested that the concession to the Canadian refiners be withdrawn and that the preference on sugar be reduced. The report included a list of the products of the West Indies and of Canada upon which preferences were recommended.

The commission reported that Jamaica, Bermuda, the Bahamas, and British Honduras differed from the other colonies in respect to their relations with Canada. In Jamaica the products of the sugar cane had become relatively unimportant, and there appeared a disposition to deny that Canadian preference was of any value to the colony. The commercial interests in the colony had close relations

with the United States; the United States formed the principal, and geographically the natural, market for Jamaican products, and there was fear in the island that preference to Canada would lead to retaliation by the United States. Likewise, in the case of Bermuda, the Bahamas, and British Honduras, sugar production either was altogether absent or was unimportant, and in each case the commercial relations of the colony were mainly with the United States. Of these colonies, Bermuda alone was in direct communication by steamship line with Canada, and the exports of Bermuda to Canada were small. In British Honduras, as in Jamaica, American commercial interests were prominent and influential. For these reasons, none of these colonies were sympathetic toward proposals for preferential relations with Canada.

The commission recommended, however, that any concessions granted by Canada to the other colonies in any agreement which should be reached should be extended also to the colonies which refused to enter the agreement, the concessions to be withdrawn after a limited number of years if they had not then entered the agreement. The commission recognized that it was "a cardinal point in the policy of Your Majesty's Government that any concession which is made to imports from the Dominion should also be extended to like products of the United Kingdom."

The hearings of the commission in the West Indies occurred shortly after the enactment of the Payne-Aldrich Tariff Act in the United States with its provision for the application of duties of 25 per cent ad valorem over and above the stated duties in the act to imports from countries "unduly discriminating" against American commerce. The commission found some anxiety in the West Indies lest a preferential arrangement with Canada should lead to the application of the American maximum duties to West Indian products. The commission saw no cause for alarm, however, for—

It may now be regarded as a settled principle that trade arrangements between parts of the British Empire are to be considered matters of a domestic character, which can not be regarded as discriminatory by any foreign power. * * * It is worthy of note, as appears from the report of the negotiations given to the Canadian Parliament by the minister of finance, that the United States did not treat the Canadian preferential tariff as an undue discrimination. It follows that the granting of a preference by the West Indies to any part of the British Empire could not be so regarded. This is, indeed, the logical conclusion to be drawn from the fiscal arrangements of other powers, including the United States themselves, with different parts of their own possessions.

The recommendations of the royal commission were accepted in principle by the majority of the West Indian Legislatures, but not by those of Jamaica, Honduras, Bermuda, the Bahamas, and Grenada. Early in 1912 a conference was held in Ottawa between

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83 The principal exports of Bermuda were vegetables; of the Bahamas, sponges and hemp; and of British Honduras, mahogany and chicle.
84 See last paragraph on following page.
85 The commission stated that it had found that this principle received practically universal recognition in the West Indies and had never been disputed in Canada, but that in several of the West Indian colonies attempts had been made to minimize the benefits which the colonies derived from the Imperial connection.
88 Grenada took no part in the negotiations of 1912, but ratified the agreement in 1913.
Canada and representatives of the colonies favorable to the policy of reciprocal preference to draft an agreement embodying this policy. The basis of the negotiations followed closely the recommendations of the commission.

The chief consideration sought by the West Indian representatives was an adequate preference to sugar and the assurance of its continuance for a long enough period to give promise of stability to the cane-sugar industry. They demanded that the concession to the Canadian refinners of the importation of foreign sugar at preferential rates should not be renewed when the term of the concession expired in 1914. They agreed if this were done to accept a smaller preference on their sugar. Trinidad and St. Lucia insisted strongly on a preference on cocoa beans, which were then on the Canadian free list; St. Vincent requested a reduced duty on arrowroot; and Dominica and Montserrat asked for preferences on limes and lime juice. A basis for mutual agreement was soon reached. It was agreed that for a limited time the benefits of the agreement were to be enjoyed by Newfoundland and by those West Indian colonies which did not become parties to it.

Ratification of the agreement.—Canada ratified the agreement reached at the Ottawa conference by the West Indian trade agreement act of May 24, 1913, which provided that the West Indian products specified in the agreement should be admitted into Canada in accordance with the terms of the agreement, or at the rates of the Canadian preferential tariff, whichever was lower, and which provided further that the West Indian colonies not parties to the agreement should enjoy the Canadian concessions for three years from the date of the coming into effect of the agreement. The Canadian law also provided that the concessions granted by Canada in the agreement should be extended to the United Kingdom and to such other British colonies or possessions as were receiving the Canadian preference.

The trade agreement of 1912 was ratified in that year or in the following by all the West Indian colonies which had been represented at Ottawa, namely: Antigua, Barbados, British Guiana, Dominica, Montserrat, St. Kitts (St. Christopher-Nevis), St. Lucia, St. Vincent, and Trinidad. Grenada also became a party to the agreement on May 19, 1913. The provisions of the agreement were by proclamation made effective on June 2, 1913, in all the colonies parties thereto. The Bahamas, Bermuda, British Honduras, Jamaica, Turks and Caicos, and the Virgin Islands took no steps to enter the agreement.

Differing trade relations of West Indian colonies.—Table 6, which shows the imports and exports by countries of the various West Indian colonies for the year 1912, helps to explain why one group of the colonies assented to the agreement and the other did not.

---

94 Trinidad, British Guiana, Barbados, St. Lucia, St. Vincent, Antigua, St. Christopher, Dominica, and Montserrat.
95 A detailed report of the negotiations and the text of the agreement are given in Canada: Sessional Paper, No. 53, 1913, Canada-West Indies conference.
96 The act met with little objection. The value of the arrangement was minimized by some of the opposition members in the House of Commons, and the agreement to impose duties on cocoa beans and lime juice was particularly criticized. The critics of the agreement pointed out that the existing preference was greater in amount than that pledged to the West Indies in the agreement, and that upon nearly all the articles upon which the West Indies were to grant a preference Canada competed with Great Britain, which also was to receive the preference; they claimed that the superiority of the British shipping connections would enable Great Britain to gain the chief benefit from the West Indian preferences. Mr. Micah Clark, a Liberal free trader, declared that under the agreement, "preferential empire building means that West Indian horses will get hay more easily by Canadian human beings getting cocoa with more difficulty." (Canada, House of Commons Debates, Jan. 23, 1913, p. 2900.) Mr. G. E. Foster, the Canadian minister of finance, who had played an important part in the negotiation of the agreement, declared that the competition which Canadian trade had to meet in the West Indies came chiefly from the United States, and that the agreement promised to bring substantial benefits to Canadian trade.
## Table 6.—Trade of the British West Indian Colonies, 1912.1

[In thousands of dollars.]

### IMPORTS.

<table>
<thead>
<tr>
<th>Country</th>
<th>From all countries</th>
<th>From Canada</th>
<th>From the United Kingdom</th>
<th>From the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Per cent of total</td>
<td>Value</td>
<td>Per cent of total</td>
</tr>
<tr>
<td>Not parties to the Canada-West Indies agreement:2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jamaica3</td>
<td>$14,845</td>
<td>39.6</td>
<td>$6,499</td>
<td>43.7</td>
</tr>
<tr>
<td>British Honduras</td>
<td>3,497</td>
<td>8.8</td>
<td>666</td>
<td>10.1</td>
</tr>
<tr>
<td>Bermuda</td>
<td>5,101</td>
<td>13.0</td>
<td>581</td>
<td>25.8</td>
</tr>
<tr>
<td>Bahamas</td>
<td>1,713</td>
<td>4.3</td>
<td>411</td>
<td>23.6</td>
</tr>
<tr>
<td>Turks and Caicos Islands</td>
<td>135</td>
<td>3.4</td>
<td>58</td>
<td>22.1</td>
</tr>
<tr>
<td>Total</td>
<td>23,321</td>
<td>60.0</td>
<td>8,429</td>
<td>36.1</td>
</tr>
<tr>
<td>Parties to the Canada-West Indies agreement:3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>12,024</td>
<td>32.4</td>
<td>4,566</td>
<td>36.4</td>
</tr>
<tr>
<td>British Guiana</td>
<td>5,280</td>
<td>14.0</td>
<td>4,572</td>
<td>32.8</td>
</tr>
<tr>
<td>Barbados</td>
<td>7,192</td>
<td>19.0</td>
<td>2,728</td>
<td>18.2</td>
</tr>
<tr>
<td>Leeward Islands</td>
<td>3,113</td>
<td>8.4</td>
<td>1,227</td>
<td>30.3</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>1,383</td>
<td>3.7</td>
<td>348</td>
<td>22.7</td>
</tr>
<tr>
<td>Grenada</td>
<td>1,554</td>
<td>4.1</td>
<td>554</td>
<td>41.0</td>
</tr>
<tr>
<td>St. Vincent</td>
<td>618</td>
<td>1.6</td>
<td>256</td>
<td>41.5</td>
</tr>
<tr>
<td>Total</td>
<td>34,670</td>
<td>93.6</td>
<td>14,078</td>
<td>40.6</td>
</tr>
<tr>
<td>Grand total, all British West Indian Colonies.</td>
<td>57,991</td>
<td>15.8</td>
<td>22,567</td>
<td>38.8</td>
</tr>
</tbody>
</table>

### EXPORTS.

<table>
<thead>
<tr>
<th>Country</th>
<th>To all countries</th>
<th>To Canada</th>
<th>To the United Kingdom</th>
<th>To the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Per cent of total</td>
<td>Value</td>
<td>Per cent of total</td>
</tr>
<tr>
<td>Not parties to the Canada-West Indies agreement:2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jamaica3</td>
<td>$12,518</td>
<td>87.0</td>
<td>$1,703</td>
<td>13.6</td>
</tr>
<tr>
<td>British Honduras</td>
<td>1,116</td>
<td>8.2</td>
<td>278</td>
<td>21.9</td>
</tr>
<tr>
<td>Bermuda</td>
<td>475</td>
<td>3.7</td>
<td>8</td>
<td>1.6</td>
</tr>
<tr>
<td>Bahamas</td>
<td>1,325</td>
<td>10.0</td>
<td>269</td>
<td>20.3</td>
</tr>
<tr>
<td>Turks and Caicos Islands</td>
<td>124</td>
<td>1.6</td>
<td>25</td>
<td>20.1</td>
</tr>
<tr>
<td>Total</td>
<td>15,561</td>
<td>100.0</td>
<td>2,258</td>
<td>14.5</td>
</tr>
<tr>
<td>Parties to the Canada-West Indies agreement:3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>9,500</td>
<td>61.0</td>
<td>2,474</td>
<td>23.9</td>
</tr>
<tr>
<td>British Guiana</td>
<td>7,674</td>
<td>49.9</td>
<td>3,032</td>
<td>30.5</td>
</tr>
<tr>
<td>Barbados</td>
<td>3,725</td>
<td>23.7</td>
<td>280</td>
<td>7.5</td>
</tr>
<tr>
<td>Leeward Islands</td>
<td>2,579</td>
<td>16.5</td>
<td>1,180</td>
<td>45.0</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>322</td>
<td>2.1</td>
<td>339</td>
<td>62.5</td>
</tr>
<tr>
<td>Grenada</td>
<td>1,530</td>
<td>9.8</td>
<td>825</td>
<td>51.1</td>
</tr>
<tr>
<td>St. Vincent</td>
<td>304</td>
<td>2.0</td>
<td>271</td>
<td>73.6</td>
</tr>
<tr>
<td>Total</td>
<td>25,921</td>
<td>100.0</td>
<td>8,471</td>
<td>32.7</td>
</tr>
<tr>
<td>Grand total, all British West Indian Colonies.</td>
<td>41,482</td>
<td>100.0</td>
<td>10,729</td>
<td>25.8</td>
</tr>
</tbody>
</table>

---

1 Great Britain: Colonial Statistical Tables, 1912.
2 Does not include the dependency, the Cayman Islands. Total imports year ending Sept. 30, 1912, £28,414; total exports, £12,323. Countries of origin and destination not stated.
3 All British possessions.
4 All foreign countries.
5 Imports for home consumption.
6 British North America.
A country is generally more concerned about the markets for its products than about the sources of its imports, and it was in the markets for their exports that there was the most striking contrast between the two groups. The United States was the market for 76.6 per cent of the total exports of the colonies remaining outside the agreement, but took only 20 per cent of the exports from the other colonies. This difference in circumstances operated in two ways to keep the first group of colonies out of the agreement; it gave them more cause to fear serious injury from any possible American retaliation, and it freed them from dependence on a favored market in Canada or elsewhere in the British Empire for the marketing of the greater part of their produce.

Terms of the agreement.—The agreement between Canada and the West Indian colonies contained the following provisions:

1. On all goodsenumerated in schedule A,97 being the produce or manufacture of Canada, imported into any of the above-mentioned colonies, the duties of customs shall not at any time be more than four-fifths of the duties imposed in the colony on similar goods when imported from any foreign country, provided that on flour the preference in favor of Canada shall not at any time be less than 12 cents per 100 pounds.

2. On all goods enumerated in schedule B,98 being the produce or manufacture of any of the above-mentioned colonies, imported into the Dominion of Canada the duties of customs shall not at any time be more than four-fifths of the duties imposed on similar goods when imported from any foreign country, provided (a) that on raw sugar not above No. 16 Dutch standard in color, and molasses testing over 56° and not over 75° by the polariscope, the preference in favor of the colony shall not at any time be less than 4½ cents per 100 pounds, and for each additional degree over 75° the preference shall not be less than one-half cent per 100 pounds.

(b) On all goods enumerated in schedule C99 hereto, being the produce or manufacture of any of the above-mentioned colonies, imported into the Dominion of Canada there shall be no duties of customs; but on the like goods, when imported from any foreign country, the duties of customs shall not be less than those therein set out.

(c) The act of the Parliament of Canada entitled “An act respecting duties of customs,” assented to on the 12th day of April, 1907, as amended by chapter 10 of the acts of the Parliament of Canada, 1909, shall, in addition to the amendments necessary to give effect to the foregoing provisions of this section, be amended as follows:

(1) Tariff item 135c to be repealed.

(2) Tariff item 137a to be repealed.

(3) So as to provide that upon arrowroot the produce of any of the said colonies imported into the Dominion of Canada the duties of customs shall not exceed 50 cents per 100 pounds.

(d) It is understood that the Canadian customs tariff item 135b1 shall not be affected by section 2 of this agreement before the end of December, 1914, when the said tariff item expires, and that the said tariff item shall not be thereafter continued

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97 Schedule A, consisting of Canadian goods which were to enjoy the benefits of the customs preferential tariff when imported into the West Indian colonies, contained among other items the following: Fish, meats, cereals, bituminous coal, butter, cheese, lard, hay, live stock, brooms, boots and shoes, cordage, agricultural implements and certain other machinery, certain manufactures of iron and steel, vehicles, manufactures of India rubber, paints, paper, vegetables, soap, furniture, lumber, pianos and organs, trunks and valises, cement, glassware, nickel-plated ware, calcium carbide, linseed oil cake, fruits, and condensed milk. See p. 363 for the duties made by certain West Indian colonies beyond the terms of the agreement.

98 Schedule B, setting forth the West Indian products which were to enjoy the benefits of the customs preferential tariff when imported into Canada, contained, among other items, sugar, fresh fruits, coconuts, asphalt, coffee, cotton and cotton seed, rice, petroleum and kerosene, copra and coconut oil, rubber, balsam, logwood, annatto, turtle shell, spices, arrowroot, salt, sponges, fresh vegetables, tapioca, honey, essential oils, cattle food containing molasses, peanuts, uncut diamonds, timber and lumber, vanilla beans, bay leaves, spices, and mushrooms. See p. 363.

99 The following goods were to enter Canada free from the West Indian colonies, but when imported from any foreign country were to pay duty at a rate not less than that indicated below:

<table>
<thead>
<tr>
<th>Goods</th>
<th>Duty when imported from any foreign country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa beans, not roasted, crushed, or ground</td>
<td>Not less than 75 cents per 100 pounds.</td>
</tr>
<tr>
<td>Lime juice, raw and concentrated, not refined</td>
<td>Not less than 5 cents per gallon.</td>
</tr>
<tr>
<td>Limes, fresh</td>
<td>Not less than 10 per cent ad valorem.</td>
</tr>
</tbody>
</table>

1 I.e., the concession to Canadian refiners regarding the importation of foreign sugar. See pp. 701, 704.
while this agreement is in force. It is also understood that in determining the rates of duty payable on goods under said section 2 the rates provided for in said tariff item 135b shall not apply.

By amendatory acts of June 6, 1913, and August 22, 1914, the Canadian tariff was revised so as to make specific provision for such changes in duties as were necessary to bring the stipulations of the agreement into effect both for the British West Indies and for all other British countries entitled to preferential treatment in Canada. Table 7 indicates the principal changes made in the Canadian tariff following upon the Canada-West Indies agreement. The table does not present those preferential rates which had previously been enjoyed by the British West Indies and which were affected by the agreement only in that it guaranteed their continuance through a term of 10 years.

Table 7.—Principal changes in Canadian tariff as result of Canada-West Indies agreement.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Preferential.</td>
<td>General</td>
</tr>
<tr>
<td>135</td>
<td>Sugar, n. o. p., not above No. 16 Dutch standard in color, testing 96° by the polariscope, per 100 pounds.</td>
<td>522 cents</td>
<td>834 cents</td>
</tr>
<tr>
<td>134</td>
<td>All sugar above No. 16 Dutch standard in color, and all refined sugars, testing 100° by the polariscope, per 100 pounds.</td>
<td>84 cents</td>
<td>1.28</td>
</tr>
<tr>
<td>136a</td>
<td>Molasses of cane, testing by the polariscope under 35°, but not less than 20°, per gallon.</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>29b</td>
<td>Arrowroot, per pound.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>77a</td>
<td>Cocoa beans, not roasted, crushed, or ground, per 100 pounds.</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>101a</td>
<td>Limes</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>153</td>
<td>Lime juice, raw and concentrated, not refined, per gallon.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Amending acts of June 6, 1913, and Aug. 22, 1914.

2 Only when manufactured from raw sugar produced in the British colonies and possessions.

The table shows that, though the Canada-West Indies agreement required Canada to grant a preference of only 15 cents per 100 pounds on sugar of 96°, the preference accorded was increased by legislation from 31 cents to 33 3/4 cents per 100 pounds.

Under the customs war revenue act of 1915 the West Indies shared in the increased preferences established by imposing an additional 7 1/2 cent ad valorem upon foreign products and 5 per cent upon those entitled to preferential rates. The preferences upon West Indian molasses, rum, coconuts, grapefruit, and onions were thus increased, but sugar, cocoa beans, limes, lime juice, and arrowroot were not subjected to the special war duties.

1 The agreement was to come into force upon a date to be agreed upon after its ratification by the Legislatures of Canada and the West Indian colonies. It was then to remain in force for 10 years and thereafter unless denounced. One year's notice was required for denunciation. See arts. 7 and 8 of the agreement, which are practically identical with arts. 17 and 18 of the agreement of 1905.

2 The extension on February 1, 1913 (see p. 695) of the Canadian preferential rates to Fiji and Mauritius involved little or no diminution in the value of the Canadian preference to the British West Indies. Mauritius was too far distant from Canada. Fiji was already an important source of supply for the Canadian far west. But West Indian sugar did not compete beyond the eastern and central Canadian Provinces, and Fijian sugar could not bear the transportation costs necessary to bring it into competition with West Indian sugar. It was expected in Canada that the extension of the preference to Fiji would enable its sugar largely to replace Javan and Peruvian sugar in British Colombia, but there was no expectation that it would be brought east of the Rocky Mountains.

3 See p. 685.
At a conference of representatives of Canada and of West Indian Governments held in Ottawa in June, 1920, an agreement was drawn up looking to the extension of trade and communication between these colonies. It was laid down as a basic principle of the agreement that any preference decided upon should extend to all articles liable to customs duty in the various interested colonies subject to certain exceptions arranged to suit particular colonies. With the exception of the articles to transfer oranges, paddy, sisal hemp, and salt for the use of the fisheries from the free to the dutiable list, the representatives of the Canadian Government acquiesced in whole or in part in all of the requests of the West Indian delegates.

The first nine articles of the agreement between Canada and the West Indian colonies relate to preferential tariffs. They are as follows:

**Article I.** The Dominion of Canada affirms the principle of granting a preference on all goods being the produce or manufacture of any of the colonies aforesaid imported into Canada which are now subject to duty or which may be made subject to duty at any future time.

**Article II.** Subject to the special provisions of Article III, the duties of customs on all goods (other than tobacco, cigars, cigarettes, and spirituous or alcoholic liquors) being the produce or manufacture of any of the colonies aforesaid imported into Canada, which are now subject to duty or which may be made subject to duty at any future time, shall not at any time be more than 50 per cent of the duties imposed on similar goods when imported from any foreign country.

**Article III.** The Dominion of Canada will grant to the articles specified in schedule A, being the produce or manufacture of any of the colonies aforesaid imported into Canada, the preferential treatment indicated in respect of each such article in the said schedule A.

**Article IV.** The colonies aforesaid severally affirm the principle of granting a preference on all goods being the produce or manufacture of Canada imported into such colonies which are now subject to duty or which may be made subject to duty at any future time.

**Article V.** Subject to the special provisions of Articles VI and VII, the duties of customs on all goods (other than tobacco, cigars, and cigarettes) being the produce or manufacture of Canada imported into the colonies aforesaid, which are now subject to duty or which may be made subject to duty at any future time, shall not at any time be—

(a) In the case of Barbados, British Guiana, and Trinidad more than 50 per cent;
(b) In the case of British Honduras, the Leeward Islands, and the Windward Islands, more than 66½ per cent;
(c) In the case of Bermuda and Jamaica, more than 75 per cent; and
(d) In the case of the Bahamas more than 90 per cent [but see p. 364.]

of the duties imposed on similar goods when imported from any foreign country.

**Article VI.** The colonies aforesaid will grant to the articles specified in schedule B, being the produce or manufacture of Canada, imported into the said colonies, the preferential treatment indicated in respect of each such article in the said schedule B.

**Article VII.** In the case of the Bahamas the provisions of Article V (d) shall not apply to wines, malt liquors, spirits, spirituous liquors, liquid medicines, and articles containing alcohol.

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5 Delegates from all the West Indian colonies participated: The Bahamas, Barbados, British Guiana, Honduras, Jamaica, Leeward Islands, Trinidad, and the Windward Islands.

6 Schedule A specified the preferential treatment to be given on the importation of sugar, cocoa beans, lime juice, limes, arrowroot, and coconuts. For the amount of preference, see Table 8 on the next page.

7 Schedule B.
Article VIII. The Governments of any of the colonies aforesaid on giving six months' notice may provide that to be entitled to the concessions granted in Articles V and VI the products of Canada shall be conveyed by ship direct without transhipment from a Canadian port into the said colony or by way of one of the other colonies entitled to the advantages of this agreement.

The Government of Canada on giving six months' notice may provide that, to be entitled to the concessions granted in Articles II and III, the products of any of the colonies aforesaid shall be conveyed by ship direct without transhipment from the said colony or from one of the other colonies entitled to the advantages of this agreement into a Canadian port: Provided, That, should the discretion recognized in this article be at any time exercised by the Government of Canada, provision shall be made, in all contracts entered into with steamships subsidized by the Dominion and the colonies aforesaid, and plying between ports in Canada and ports in the said colonies, for an effective control of rates of freight.

Article IX. This agreement shall not interfere with any existing preference or with the granting of any future preference by the Dominion or by any of the colonies aforesaid to any other part of the British Empire or with any existing preference or the granting of any future preference by the said colonies among themselves.

**Increased preferences of the new agreement.**—The principal West Indian products upon which Canada has granted increased preferences in the new agreement are shown in Table 8.

**Table 8.**—Comparison of preferential rates of agreements of 1912 and 1920.

<table>
<thead>
<tr>
<th>Article</th>
<th>Preference under—</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1912 agreement.</td>
</tr>
<tr>
<td></td>
<td>20 per cent reduction from general tariff rate.</td>
</tr>
<tr>
<td></td>
<td>50 per cent of the general tariff rate.</td>
</tr>
<tr>
<td>Sugar, at 96° polarization, per 100 pounds...</td>
<td>$0.15 ($0.33)^2</td>
</tr>
<tr>
<td>Rum, per proof gallon...</td>
<td>$0.75</td>
</tr>
<tr>
<td>Cocoa beans, per 100 pounds...</td>
<td>$0.83</td>
</tr>
<tr>
<td>Lime juice, raw and concentrated, per gallon...</td>
<td>$0.15</td>
</tr>
<tr>
<td>Arrowroot, per pound...</td>
<td>$0.00</td>
</tr>
<tr>
<td>Coconuts (imported direct), per hundred...</td>
<td>$0.30</td>
</tr>
<tr>
<td>Coconuts, up, per hundred...</td>
<td>$0.30</td>
</tr>
<tr>
<td>Grapefruit, per 100 pounds...</td>
<td>$0.10</td>
</tr>
<tr>
<td>Onions...</td>
<td>15 per cent.</td>
</tr>
<tr>
<td>Other products listed in the agreement...</td>
<td>20 per cent reduction from general tariff rate.</td>
</tr>
<tr>
<td>All other articles dutiable in Canada...</td>
<td>50 per cent of the general tariff rate.</td>
</tr>
</tbody>
</table>

1 The amount of preference pledged to West Indian raw sugar in the agreement of 1920 is as follows:

<table>
<thead>
<tr>
<th>Degrees of polarization.</th>
<th>Cents per 100 pounds.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not exceeding 76...</td>
<td>46.080</td>
</tr>
<tr>
<td>Not exceeding 77...</td>
<td>47.016</td>
</tr>
<tr>
<td>Not exceeding 78...</td>
<td>48.152</td>
</tr>
<tr>
<td>Not exceeding 79...</td>
<td>50.000</td>
</tr>
<tr>
<td>Not exceeding 80...</td>
<td>52.214</td>
</tr>
<tr>
<td>Not exceeding 81...</td>
<td>53.760</td>
</tr>
<tr>
<td>Not exceeding 82...</td>
<td>55.296</td>
</tr>
<tr>
<td>Not exceeding 83...</td>
<td>56.832</td>
</tr>
<tr>
<td>Not exceeding 84...</td>
<td>58.360</td>
</tr>
<tr>
<td>Not exceeding 85...</td>
<td>60.000</td>
</tr>
<tr>
<td>Not exceeding 86...</td>
<td>62.016</td>
</tr>
<tr>
<td>Not exceeding 87...</td>
<td>63.744</td>
</tr>
</tbody>
</table>

The customs tariff of Canada shall be amended so as to provide that sugar above No. 16 Dutch standard in color, when imported by a recognized sugar refiner for refining purposes only, upon evidence satisfactory to the minister of customs, shall not be subject to these duties—i.e., the duties on sugar over No. 16 Dutch standard specified in item 134 of the Canadian tariff.

The Canadian Government, failing the adoption of the polariscope standard for tariff classification, will use its best endeavors to establish a more stable color standard than the present Dutch standard: Provided, That sugar as defined under item 134 shall receive a preference of not less than 25 per cent of the duty charged on foreign sugar.

2 The rates in parentheses are those pledged by legislation in cases in which the minimum preference pledged in the agreement was exceeded.

3 Free admission for the West Indian product as well as differentials of the amounts named was pledged for the articles indicated.

4 The amount of the preference on West Indian coconuts was the same whether imported direct or otherwise, but the rates on coconuts imported direct were lower than those imported otherwise.

5 On the Canadian free list, not included in the agreement.
A bill to approve the Canada-West Indies agreement was introduced on April 5, 1921, and on May 3 became law. The act, which incorporated the West Indian trade agreement without change or extension of the preferences was to come into force on a date to be proclaimed. But on May 10 the introduction of the annual budget, made provisionally effective, not only the rates agreed upon but two rates which gave to West Indian products greater preferences than those specified in the agreement, namely, $2 per proof gallon upon rum and $0.15 per gallon on lime juice. These changes became law on June 4, 1921.

Increased preference on sugar.—Since the establishment of a preferential tariff in Great Britain in 1919 much of the West Indian sugar has gone to Great Britain. The preference there has been greater than that accorded by Canada prior to May 3, 1921. Owing to the greater preference granted in Great Britain, the representative of British Guiana at the Canada-West Indies conference of 1920 urged that a large preference should be granted by Canada to West Indian sugar in order to attract West Indian sugar to Canada and thus aid in providing return freight for steamers trading between Canada and the West Indies. The agreement shows that Canada granted this increase, and, by raising the amount of the preference from $0.33 to $0.837, outbid the preference by Great Britain of $0.81 per hundred pounds. In the revision of the rates which followed immediately after the ratification of the agreement the protection afforded to Canadian refiners, while increased as against non-British refiners, was materially reduced as against British refiners. Indeed, if the Canadian refiner used foreign raw sugar and the British refiner uses colonial raw sugar the gross protection is now only about $0.10 per hundred pounds and the net tariff advantage lies with the British refiner to the extent of 1 or 2 cents per hundred pounds.

Table 9 shows the Canadian rates on typical sugars since the establishment of the preferential policy and brings out the steady increase in the amount of the preference to the West Indian producer and to the British refiner of colonial raw sugar, together with the fluctuations in the amount of protection for Canadian refiners, particularly against British refiners of colonial raw sugar.

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Note:
1. The proclamation was issued on Aug. 24 (Canada Gazette, Aug. 27) setting Sept. 1 as the date on which the agreement became effective. This proclamation omits Bermuda, which has not ratified the agreement.
2. It may be noted that, with the exception of rum, the preferences which Canada has granted in 1920-21 to the West Indies are much greater, if measured by the percentage of the general duties remitted, than those granted to Great Britain. This is due to the fact that the West Indies are interested in articles not produced in Canada and upon which comparatively low revenue duties are levied, whereas Great Britain is interested primarily in reductions from Canadian protective duties on manufactured products. While the most important of the exported products of the West Indies are included among the articles enumerated in the trade agreement, all minor articles receive a 50 per cent preference, and therefore occasionally the same article may pay duty at a lower rate when produced in the West Indies than when produced in Great Britain. This is contrary to the principle long maintained by the British colonial office (see p. 661), but is an exception of no significance.
3. Sir George Foster stated "Obviously a preference would be of little use to the British West Indies unless it came close to or a little bit in advance of the preference which was offered by the old country, and as a matter of fact, in schedule A, as regards the first item of sugar, the extended list of preference for each degree of polarization is a little shade higher than the preference which has been given by Great Britain for the same degree of polarization on the importation of West Indian sugars into the old country." The British preference is equal to $0.81 per 100 pounds at prewar rates of exchange. Since the preferences in Great Britain and Canada are specified amounts of their respective currencies, the greater depreciation of the pound sterling makes the present difference between the two preferences greater than that shown in the text. For example, when the Canadian dollar shows a depreciation from prewar exchange rates of 10 per cent and the pound sterling of 20 per cent, the value of the two preferences in United States currency is about $0.75 and $0.65 per 100 pounds, respectively.
### Table 9.—Canadian preferences on sugar, 1897-1921.

<table>
<thead>
<tr>
<th>Tariff No.</th>
<th>Kind of sugar</th>
<th>1897</th>
<th>1907</th>
<th>1914</th>
<th>1921</th>
</tr>
</thead>
<tbody>
<tr>
<td>135</td>
<td>Raw sugar of 95°</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) General rate</td>
<td>$0.71</td>
<td>$0.83</td>
<td>$1.37</td>
<td>$1.65712</td>
</tr>
<tr>
<td></td>
<td>(b) Preferential rate</td>
<td>$0.47</td>
<td>$0.52</td>
<td>$1.03</td>
<td>$0.85</td>
</tr>
<tr>
<td></td>
<td>Differential in favor of West Indian producers</td>
<td>$0.23</td>
<td>$0.31</td>
<td>$0.33</td>
<td>$0.83712</td>
</tr>
<tr>
<td>134</td>
<td>Refined sugar, 100°</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) General rate</td>
<td>$1.26</td>
<td>$1.26</td>
<td>2.09</td>
<td>2.39</td>
</tr>
<tr>
<td></td>
<td>(d) Preferential rate (for sugar refined from British colonial raw)</td>
<td>$0.64</td>
<td>$0.84</td>
<td>1.64</td>
<td>1.79</td>
</tr>
<tr>
<td></td>
<td>Differential in favor of British as compared to foreign refiners</td>
<td>$0.42</td>
<td>$0.42</td>
<td>$0.45</td>
<td>$0.60</td>
</tr>
<tr>
<td></td>
<td>Gross protection 4 against foreign refiners in favor of Canadian refiners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1) Using colonial sugar (c-b)</td>
<td>$0.78</td>
<td>$0.78</td>
<td>1.05</td>
<td>1.54</td>
</tr>
<tr>
<td></td>
<td>(2) Using foreign sugar (c-a)</td>
<td>$0.64</td>
<td>$0.65</td>
<td>$0.71</td>
<td>0.70288</td>
</tr>
<tr>
<td></td>
<td>Gross protection 3 against British refiners using British colonial raw sugar in favor of Canadian refiners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3) Using colonial raw (d-b)</td>
<td>$0.36</td>
<td>$0.31</td>
<td>$0.64</td>
<td>$0.25</td>
</tr>
<tr>
<td></td>
<td>(4) Using foreign raw (d-a)</td>
<td>$0.12</td>
<td>$0.06</td>
<td>$0.26</td>
<td>0.10288</td>
</tr>
</tbody>
</table>

1 Revenue duty, also protecting Canadian beet sugar.
2 Par. 134 begins: “All sugar above No. 16 Dutch standard in color, and all refined sugar of whatever kinds, grades, or standards, not covered by tariff item No. 133, when not exceeding 88° of polarization, are charged 7 cents per 100 pounds. The general rate rises by $0.02, $0.03, or $0.04 per degree, reaching $2.30 at 98° and ending with $2.30 for polarizations in excess of 98°. The preference in each case is one-fourth of the general rate, or a fraction of a cent more. The refined or partly refined sugars of the West Indies above No. 16 by the Dutch color test also enter Canada at these rates. Sir George Foster, in introducing the bill to make effective in Canada the West Indian trade agreement, said: ‘On yellow crystals which are imported for general consumption and not as refining sugars the preference [of] to be not less than 25 per cent, and after going over the matter carefully we felt that 25 per cent would be a fair preference to give them and that under that preference they could possibly make some way in our market.’ But, as the preference accorded in the United Kingdom makes no distinction as regards color, the lighter West Indian sugars receive a greater preference in Great Britain than in Canada. On 95° sugar above No. 16 Dutch standard the British preference is, at present, from $0.81 to $0.96, rates which are, at current amounts of depreciation approximate $0.65 and $0.50 in United States currency. (House of Commons Debates, Apr. 19, 1921, p. 2286.)
3 Since the Canadian refiner must pay the duty upon about 107 pounds of raw sugar in order to produce 100 pounds of refined sugar, the subtraction of (a) or (b) from (c) or (d) gives only the gross protection to the Canadian refiner; the correction necessary to arrive at the net protection is approximately 7 per cent of the rate of duty on the raw material. The net protection against British refiners using colonial raw material is thus reduced for Canadian refiners using colonial raw material from 25 cents per hundred pounds to about 19 cents, while if the Canadian refiner uses foreign raw sugar the gross protection of about 10 cents per hundred pounds is found to disappear entirely.
4 Or British refiners using foreign raw sugars.

All of the delegates from the sugar-producing colonies in the West Indies advocated the abolition of the Dutch color standard as far as such standard affected the assessment of customs duty on West Indian sugars, asking that such duties should be charged according to the degrees of polarization. The Canadian Government found itself unable to accede to this request of the West Indian delegates, alleging that to do so would seriously affect the Canadian refining industry, which had been built up under the present tariff system and which was now in a position to refine all sugar required for domestic consumption with a margin for export. Out of the discussion resulted the agreement set forth in the footnote to Table 7. The dissatisfaction which has been expressed in the West Indies with the agreement of 1920 has been due chiefly to the failure of Canada to abolish the Dutch color standard.

**Provision for improved steamship service.**—The agreement provides for an extended steamship service, with a weekly service between

10 J. McIntosh Reid in the Daily Argosy, Georgetown, British Guiana, Aug. 6, 1920.
Canadian ports and the eastern group of the British West Indies and a fortnightly service between Canadian ports and the western group. The various colonies concerned will contribute toward the necessary subsidies for the eastern service. Vessels for the western service are provided by Canada. If the service proves unremunerative, the three western colonies—the Bahamas, British Honduras, and Jamaica—will contribute, within certain restrictions, 25 per cent of the loss.  

VII. Other Preferential Provisions.

The provisions for British preference in the Canadian Tariff Law.

The tariff now (October, 1921) in effect in Canada is the customs tariff of 1907 and subsequent amendments thereof.

11 The provisions relative to steamship services are as follows:

Steamship Services—Eastern Group.

**Article X.** The Government of Canada will use its best endeavors to arrange for a mail, passenger and freight steamship service to come into effect as soon as possible, and in any case within three years, between Canada, Bermuda, the Leeward Islands, the Windward Islands, Barbados, Trinidad, and British Guiana, on the following lines:

(1) Steamers shall sail weekly from St. John or Halifax, calling one week on the outward passage at Bermuda, Barbados, Trinidad, and British Guiana, and on the homeward passage at Trinidad, Grenada, St. Vincent, Barbados, St. Lucia, Dominica, Montserrat, Antigua, Nevis, St. Kitts, and Bermuda; on alternate weeks calling on the outward passage at Bermuda, St. Kitts, Nevis, Antigua, Montserrat, Dominica, St. Lucia, Barbados, St. Vincent, Grenada, Trinidad, and British Guiana, and on the homeward passage at Trinidad, Barbados, and Bermuda.

(2) The steamers shall be from 5,000 to 6,000 tons gross, capable of maintaining an ocean speed of 12 knots, and providing accommodation for 100 first-class, 30 second-class, and 100 steerage or deck passengers, and shall be provided with 'tween decks.

**Article XI.** The Government of Canada will stipulate in any contract entered into for such steamship service that—

1. There shall be reasonable proportionate allocation of passenger and cargo accommodation between the colonies mentioned in Article X.

2. There shall be no unfair differentiation in rates of freight against the smaller colonies as compared with the rates to larger colonies situated at a similar distance from St. John or Halifax.

3. The steamers shall be so constructed that, so far as the traffic warrants, cold storage shall be provided if this can be secured without unreasonable additional cost.

**Article XII.** If a subsidized steamship service is arranged for, the Government of Canada will endeavor to secure the cooperation of the owners of such steamship service toward the provision of hotels and other accommodations in the colonies, the Governments of the colonies being prepared on their part to offer such facilities as may be practicable both as regards sites and financial assistance.

**Article XIII.** The representatives of the colonies mentioned in Article X undertake to recommend to their Governments that these Governments shall contribute toward such subsidized steamship service, when established, in the following amounts annually:

<table>
<thead>
<tr>
<th>Colony</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados, not less than</td>
<td>£5,000</td>
</tr>
<tr>
<td>Bermuda, not less than</td>
<td>2,000</td>
</tr>
<tr>
<td>British Guiana, not less than</td>
<td>7,500</td>
</tr>
<tr>
<td>Leeward Islands, not less than</td>
<td>2,500</td>
</tr>
<tr>
<td>Windward Islands, not less than</td>
<td>2,500</td>
</tr>
</tbody>
</table>

27,000

**Article XIV.** Pending the establishment of such service the Government of Canada will use its best endeavors to maintain a fortnightly service on the existing lines and to supplement it with such additional freight, passenger and freight vessels as the trade may require.

Steamship Services—Western Group.

**Article XV.** The Government of Canada, subject to the adoption by the Governments concerned of the recommendation embodied in Article XVI, undertakes to provide as soon as possible, and in any case not later than the 1st of January, 1921, a fortnightly freight, mail, and passenger steamship service between Canada, the Bahamas, Jamaica, and British Honduras, on the following lines:

(1) The steamers shall not be less than 3,500 long tons dead-weight, shall have an ocean-going speed of not less than 10 knots, and shall have accommodation for from 15 to 20 first-class passengers, and shall be provided with 'tween decks, and, so far as the traffic warrants, with cold storage if this can be secured with reasonable cost.

(2) The steamers shall sail from such Canadian ports as freight conditions require and shall proceed to Belize in British Honduras, calling at Nassau in the Bahamas, and at such port or ports in Jamaica as may be necessary, and shall call on the return voyage at such port or ports in Jamaica as may be necessary and at Nassau.

**Article XVI.** The representatives of the colonies mentioned in Article XV undertake to recommend to their Governments that these Governments shall, if the service proves unremunerative, contribute 25 per cent of any loss; Provided, That the amounts contributed shall not exceed, in the case of the Bahamas, the sum of £5,000 per annum; in the case of British Honduras, the sum of £5,000 per annum; and in the case of Jamaica, the sum of £5,000 per annum.

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The provisions in the customs tariff of 1907 for a preference on imports from Great Britain and from British colonies are as follows:

DUTIES OF CUSTOMS, SCHEDULE A.

3. Subject to the provisions of this act and of the customs act, there shall be levied, collected, and paid upon all goods enumerated, or referred to as not enumerated, in schedule A to this act, when such goods are imported into Canada or taken out of warehouse for consumption therein, the several rates of duties of customs, if any, set opposite to each item, respectively, or charged on goods as not enumerated, in the column of the tariff applicable to the goods, subject to the following conditions, viz:

(1) British preferential tariff.—The rates of customs duties, if any, set forth in column 1, "British preferential tariff," shall apply to goods the produce or manufacture of the following British countries when imported direct from any British country:

(a) The United Kingdom.
(b) The British colony of Bermuda.
(c) The British colonies commonly called the British West Indies, including the following:
   The Bahamas.
   Jamaica.
   Turks and Caicos Islands.
   The Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat, and the Virgin Islands).
   The Windward Islands (Grenada, St. Vincent, and St. Lucia).
   Barbados.
   Trinidad and Tobago.
(d) British Guiana.
(e) British India.
(f) Ceylon.
(g) Straits Settlements.
(h) New Zealand.
(i) Cape of Good Hope.
(j) Natal.
(k) Orange River Colony.
(l) Transvaal.
(m) Southern Rhodesia.
(n) Any other colony or possession admitted to the benefit of the British preferential tariff in Canada, 12 in the manner hereinafter provided:

(2) Intermediate tariff.—The rates of customs duties, if any, set forth in column 2, "Intermediate tariff," shall apply to goods the produce or manufacture of any British or foreign country to which the benefits of such intermediate tariff shall have been extended in the manner hereinafter provided, when imported direct from such foreign country or from a British country.

(3) General tariff.—The rates of customs duties, if any, set forth in column 3, "General tariff," shall apply to all goods not entitled to admission under the intermediate tariff or under the British preferential tariff.

(4) Proof of origin—Decision of minister.—Proof of origin, as prescribed by the minister of customs, shall be furnished with the bill of entry at the customhouse for goods admitted to entry under any of the tariffs in schedule A; and the decision of the minister of customs shall be final as to the tariff or surtax applicable in any case to imported goods by reason of their origin.

(5) Bona fides under intermediate tariff.—Goods for which entry is claimed under the intermediate tariff must be bona fide the produce or manufacture of a country which has been admitted to the benefits of the intermediate tariff.

(6) Bona fides under British preferential tariff.—Every manufactured article to be admitted under the preferential tariff must be bona fide the manufacture of a British country entitled to the benefits of the British preferential tariff, and a substantial portion of the value of the manufactured article must have been produced by labor in one or more of such countries.

REGULATIONS.

2. The governor in council may make such regulations as are deemed necessary for carrying out the provisions of the several tariffs mentioned in this section.

12 For the extension of the preferential tariff to colonies not named in the law see p. 693.
POWERS OF GOVERNOR IN COUNCIL.

4. The governor in council may, by order in council—

(a) Extension of British preferential tariff.—Extend the benefit of the British preferential tariff to any British country not named in paragraph (1) of section 3, and from and after the publication of such order in council in the Canada Gazette the British preferential tariff shall apply to goods the produce of manufacture or such British country, subject to the provisions of this act;

(b) Withdrawal thereof.—Withdraw the benefit of the British preferential tariff from any British country (other than the United Kingdom) which has received the said benefit; and from and after the publication of such order in the Canada Gazette the general tariff or the intermediate tariff, as mentioned in the said order, shall apply to goods the produce or manufacture of such British country, subject to the provisions of this act;

(c) Extension of intermediate tariff.—From time to time, in consideration of benefits satisfactory to the governor in council, extend the benefit of the intermediate tariff, in whole or in part, to any British or foreign country the produce or manufactures of which have previously been subject to the rates of customs duties set forth in the general tariff, and from and after the publication of such order in the Canada Gazette the rates of duty set forth in the intermediate tariff, so far as they are mentioned in the said order, shall apply to goods the produce or manufacture of such British or foreign country when imported direct from such foreign country or from a British country, subject to the provisions of this act; and

(d) Withdrawal thereof.—Withdraw the benefit of the intermediate tariff from any country to which it has been extended, and from and after the publication of such order in the Canada Gazette the rates of customs duties set forth in the general tariff shall apply to goods the produce or manufacture of such country, subject to the provisions of this act.

Preference to Canadian ports.—On and after a date to be named by the governor in council, in a proclamation published in the Canada Gazette, the British preferential tariff shall apply only to goods brought into Canada by ship direct to a Canadian seaport.

It is to be noted that the Governor in Council may withdraw the benefit of the preferential tariff from any British country except the United Kingdom. To withdraw the benefit from the United Kingdom it would be necessary for the Canadian Parliament to amend the tariff law.

DIRECT SHIPMENT.

The British preference, since November 29, 1906, applies only to products “imported direct from any British country.” This provision permits of importation in transit through a foreign port without loss of preferential privileges, but does not extend the privilege of the preferential rates to imports otherwise eligible if these imports were bought in a foreign country. On the other hand, the products of a British country entitled to the preference are still subject to the preferential rates even though the Canadian importer purchases them in another British country not enjoying the preferential privileges. West Indian sugar shipped in transit to Canada via New York is entitled to admission at preferential rates. West Indian sugar shipped to Newfoundland, and then sold by a Newfoundland broker to a Canadian importer, is entitled to the preference, although the products of Newfoundland are not. On the other hand, West Indian sugar sold by the planter to a New York broker shipped to New York, and then sold by the New York broker to the Canadian importer, is not entitled to the preferential rates. 13

The provision authorizing the Governor in Council to limit the preference to goods brought into Canada by ship direct to a Canadian

13 See p. 720.
seaport (sec. 5) was introduced on March 8, 1907, by motion of Sir Wilfrid Laurier; if put into effect, it would supersede the provisions concerning "direct" shipment examined above. When the measure was introduced in the House of Commons, Laurier stated that it would not be advantageous to apply it until the completion of the Grand Trunk Pacific Railway. The purpose of the measure was to stimulate traffic through the Canadian ports, but the port facilities and the railroad connections with the ports were inadequate at that time to handle all the traffic. The provision has never been put into effect and a considerable proportion of the Canadian imports of articles entitled to the preferential rates continue to come via New York, Portland, Boston, and other American ports.

"BONA FIDE" BRITISH PRODUCTS.

Until 1907 goods imported from Great Britain were admitted at the rates of the preferential tariff by the Canadian customs authorities if 25 per cent of their value represented British labor expended upon them. In 1907 it was provided that British goods must embody at least 25 per cent of "bona fide British labor without computing profits as a portion of that labor." It had been maintained by many people in Canada that under the old rule goods had been admitted into Canada at the preferential rates even though British labor entered into their production only to a slight extent.

PREFERENTIAL ASPECTS OF CANADIAN ANTIDUMPING LEGISLATION.

In 1904 Canada incorporated in its tariff an "antidumping" clause, which, as amended in 1907, reads as follows:

UNDERVALUATION.

"6. Special (or dumping) duty.—In the case of articles exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada, there shall, in addition to the duties otherwise established, be levied, collected, and paid on such article, on its importation into Canada, a special duty (or dumping duty) equal to the difference between the said selling price of the article for export and the said fair market value thereof for home consumption; and such special duty (or dumping duty) shall be levied, collected, and paid on such article, although it is not otherwise dutiable.

"Limitation.—Provided that the said special duty shall not exceed 15 per cent ad valorem in any case;

"Exempted goods.—Provided also that the following goods shall be exempt from such special duty, viz:

"(a) Goods whereon the duties otherwise established are equal to 50 per cent ad valorem;

"(b) Goods of a class subject to excise duty in Canada;

14 The Canada-West Indies trade agreements of 1912 and 1920 provide that any of the parties may limit its preferences to imports by ship direct; the way is thus left open to Canada to put this policy into effect at any time on six months' notice.
“(c) Sugar refined in the United Kingdom;
“(d) Binder twine, or twine for harvest binders manufactured from New Zealand hemp, istle or tampico fiber, sisal grass, or sunn, or a mixture of any two or more of them, of single ply and measuring not exceeding 600 feet to the pound.

“When excise duties disregarded.—Provided, further, that excise duties shall be disregarded in estimating the market value of goods for the purposes of special duty when the goods are entitled to entry under the British preferential tariff.

“2. ‘Export price’—‘selling price.’—‘Export price’ or ‘selling price’ in this section shall be held to mean and include the exporter’s price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada’.

While in general this provision applies without discrimination to all imports, two provisions of the ‘antidumping’ clause are specifically favorable to British imports. The provision exempting sugar refined in the United Kingdom from the extra duty enables British sugar refiners to sell refined sugar on the basis of duty-free raw sugar in the United Kingdom, whereas American exporters of refined sugar must pay the dumping duty if they sell on the basis of the American market price minus the American drawback on the dutiable imported refined sugar used in its manufacture. The provision stipulating that excise duties shall be disregarded in estimating the market value of goods for the purposes of special duty when the goods are entitled to entry under the British preferential tariff also favors the British exporter, although there do not appear to have been any instances where its application was of commercial importance before the establishment by the customs war-revenue act of 1915 of a preference on British alcoholic liquors and tobacco.

PREFERENTIAL ASPECTS OF THE CANADIAN CUSTOMS ADMINISTRATION LAWS.

The administration of the Canadian tariff is governed by the provisions of the Canada customs act of 1886 and subsequent amendments thereof. Several provisions of this act, especially those relating to the valuation of imports for duty purposes, operate in a manner especially favorable to British imports and create what is in fact an indirect preference to British imports over and above the direct preference established by the customs tariff law.

"FAIR MARKET VALUE FOR HOME CONSUMPTION."

Section 58 of the customs act of 1886 provides that whenever any ad valorem duty is imposed on goods imported into Canada the value used as a basis for levying the duty shall be “the fair market value thereof, when sold for home consumption, in the principal markets of the country whence and at the time when the same were exported directly to Canada.”

15 Sec. 40, of Ch. 48 of the revised statutes of Canada, 1906. An amendment enacted on June 4, 1921, adds:

“Such value in no case to be lower than the wholesale price thereof at such time and place.

16 (2) Provided that the value for duty of new or unused goods shall in no case be less than the actual cost of production of similar goods at date of shipment direct to Canada, plus a reasonable profit thereon, and the Minister of Customs and Excise shall be the sole judge of what shall constitute a reasonable profit in the circumstances."
This provision operates in several ways to the advantage of British imports and to the disadvantage of imports from the United States. In many countries which have ad valorem import duties, these duties are based on estimated or on declared c. i. f. values; i. e., on values at the frontier, with cost of shipment, insurance, and other charges added to the f. o. b. prices at point of export. The Canadian method was introduced by Galt in 1859 with the express purpose of conferring advantages upon British imports in their competition with imports from the United States. It undoubtedly accomplishes this purpose, especially when supported by the provisions of the antidumping clause.

In most cases the transportation costs to Canada for similar articles are greater from a British point of production than from a point in the United States. If Canada were to follow the usual practice in using values at the Canadian frontier as a basis for ad valorem duties, the values of British imports would be higher relative to the values of competing American imports than they are under the method of valuation in operation, and the duties on British imports would be increased relative to the duties on similar American products. If a commodity subject to ad valorem duties upon importation into Canada is produced both in England and in the United States, and can be laid down at the same price c. i. f. at a Canadian port by both the British and the American exporters, the import from the United States will pay a higher duty than the import from Great Britain, aside from any direct preference to British products provided for in the tariff law, wherever the transportation costs from the English point of export are greater than the similar costs from the American point of export. This provision is of special importance to British trade with western Canada in its competition with the trade of the manufacturing Middle Western States.

The provision in the same section that the value taken for duty purposes shall be the "fair value when sold for home consumption" operates to check the American export to Canada of articles manufactured from dutiable materials imported into the United States. Taken together with the provision in section 64 that any drawback must be included in the "fair market price" in valuing imports for duty and with the antidumping clause which provides for the imposition of an additional duty where goods are sold by the United States at the domestic price minus a drawback on the duty paid on imported materials used in their manufacture, this provision checks exports from the United States to Canada of articles in whose manufacture dutiable imported materials are used. As England has few duties on imports the advantage of this legislation to British trade is apparent.

**EFFECT OF DIRECT SHIPMENT ON ENTREPÔT TRADE.**

The provision in section 58 that the value of goods imported into Canada shall for duty purposes be the fair market value for home consumption in the country whence "exported directly to Canada" creates special advantages for the entrepôt trade of great Britain as against the entrepôt trade of the United States, and tends also to discourage the importation into Canada through New York brokers of

16 See p. 661.
the products of Great Britain. An article of German production purchased from London by a Canadian importer is subject to duty in Canada at its London value; i.e., the German value plus transportation costs to England and broker’s profits. The same article if purchased from New York by the Canadian purchaser is subject to duty in Canada at its New York value; i.e., the German value plus the transportation costs from Germany to New York (generally higher than to England) plus the American broker’s profits plus the American import duty (even though the article remains in bond and does not actually pay a duty in the United States). An article of British manufacture purchased by the Canadian importer from the British exporter pays duty on its value in England. The same article, if purchased from a New York merchant, pays duty on its New York value, which is its value in England plus transportation costs, broker’s profits, and the American duty. This would be the case even though it was landed in New York in bond and paid no duty in the United States.

The term “when imported directly,” as used in Canadian tariff legislation, requires explanation. Section 68 authorizes the governor in council, in the cases and on the conditions to be mentioned in the order in council, to permit goods bona fide exported to Canada from any country but passing in transit through another country to be valued for duty as if they were imported directly from such first-mentioned country. An order in council is in effect in Canada which instructs the customs officials to treat as direct imports in bond through the United States from another country, whose bulk is not broken in the United States, which remain in the United States for only a short time, and which were consigned from the country of primary export, not to an American importer or broker but to a Canadian importer via the American route. This concession is of practical significance. It permits the use of American ports by Canadian importers without subjecting their imports to higher taxation than that imposed on imports via a Canadian port. The following may be taken as an illustration of the working of these provisions: Tin plate from Great Britain shipped to a New York broker and by him reexported to Canada pays duty in Canada on the basis of its value in New York, including the American duty, even though it has been kept in bond in New York and has not actually paid the American duty. It also loses the benefit of the preferential rates in the Canadian tariff, and if invoiced to Canada at its value in bond in New York (i.e., New York market value minus the United States duty), it becomes subject to the Canadian antidumping tax. This applies also to Canadian imports of British tin plate from New York when the American duty upon the tin plate has been paid but recovered by a drawback upon reexportation. On the other hand, tin plate from England consigned by the English exporter to a Canadian importer, whether it is shipped via a Canadian port or via an American port in bond is valued for duty in Canada at its English market value and is admitted at the preferential rates.⁹

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⁹ See p. 717, under Direct shipment.

① Other preferential features of Canadian legislation are that shipments from non-British countries of a value of over $100 (Canadian) require certificates from certain Canadian or British officers (act of June 4, 1921, Ch. 26, sec. 6); that only British subjects may be customs house brokers (ib., sec. 10); and that after Dec. 31, 1921, all goods imported into Canada shall bear, in English or French, the name of the country of origin (act of June 4, 1921, Ch. 27, sec. 5; order in council, Aug. 13, 1921).
The sections in the customs act of 1886 examined above are as follows:

58. Whenever any duty ad valorem is imposed on any goods imported into Canada, the value for duty shall be the fair market value thereof, when sold for home consumption, in the principal markets of the country whence and at the time when the same were exported directly to Canada. (46 Victoria, Ch. 12, s. 68.)

64. The fair market value of goods shall be taken to include the amount of any drawback which has been allowed by the Government of any other country, also the amount of consideration or money value of any special arrangement between the exporter and the importer or between any persons interested therein because of the exportation or intended exportation of such goods, or the right to territorial limits for the sale or use thereof, and also the amount or money value of any so-called royalty, rent, or charge for use of any machine or goods of any description which the seller or proprietor does or would usually charge thereon when the same are sold or leased or rented for use in the country whence they have been exported to Canada. When the amount of such drawback, consideration, money value, royalty, rent, or charge for use has been deducted from the value of such goods on the face of the invoice under which entry is to be made, or is not shown thereon, the collector of customs or proper officer shall add the amount of such deduction, drawback, consideration, money value, royalty, rent, or charge for use and cause to be paid the lawful duty thereon. (52 Victoria, Ch. 14, s. 6.)

68. The governor in council may provide that in the cases and on the conditions to be mentioned in the order in council goods bona fide exported to Canada from any country, but passing in transit through another country, shall be valued for duty as if they were imported directly from such first-mentioned country. (46 Victoria, Ch. 12, s. 74.)

(2) Goods that have been entered for consumption or for warehouse, or that have been permitted to remain unclaimed, or that have been permitted to remain for any purpose, in any country intermediate between the country of export and Canada shall not be considered as in transit through such intermediate country but shall be treated as goods imported from such intermediate country and be valued and rated for duty accordingly. (52 Victoria, Ch. 14, s. 7.)

VIII. Most-Favored-Nation Treaties and Canadian Tariff Relations.

The Position of Canada with Respect to British Treaties.

Canada, as a British dependency, is bound to observe the stipulations of all treaties entered into by Great Britain which apply to her. Before confederation, and on several subsequent occasions, Great Britain entered into commercial treaties with foreign countries to which the British colonies were made subject without consultation.

The Right of Separate Adherence.

But in response to a request from the Canadian Government on March 21, 1881, that thereafter Canada be informed "of the inception of any new treaty, and that in future no stipulation binding upon the commerce of Canada should be introduced into any treaty without reserving to the Canadian Government the option of acceptance or refusal," Lord Carnarvon, the colonial secretary, agreed that a new clause should be inserted in all treaties thereafter concluded, to the

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18 There is some difference of opinion among authorities regarding the question of the application of general treaties of Great Britain with foreign countries to the British colonies in cases where such application is not expressly provided for in the treaties. For two divergent opinions, see Keith, Responsible Government in the Dominions, p. 226, and Todd, Parliamentary Government in the British Colonies, p. 254. The usual interpretation is that British treaties in general do not apply to the British colonies unless they contain express provision for such application.
effect that no colony was included except at its own option.\textsuperscript{19} The practice was then introduced by Great Britain of making treaties with the provision that they should only become applicable to the self-governing Dominions on notice being given within a period of one or two years of their assent to the treaty.

The first treaty so concluded seems to have been that of January 21, 1882, with Montenegro, and in general such a clause was included in all subsequent commercial treaties of Great Britain. The Anglo-French treaty of 1882 was an exception, however. The French Government was unwilling to allow the British colonies to participate in the advantages of the new tariff arrangements because of the high duties imposed by them on French products and because of "the customs autonomy of some of the colonies and the inability of Her Majesty's Government to bind them." There was, therefore, no mention of the British colonies in this treaty. Canada used her new power, as a rule, to withhold adherence, but in several cases she assented to British treaties.

THE RIGHT TO CLAIM RELEASE FROM TREATY OBLIGATIONS.

The treaties which had been concluded by Great Britain before 1881, and to which Canada had been made a party without consultation, continued to be binding upon her. Some of these treaties dated back to the seventeenth century, and their status and scope were uncertain. In general, in so far as they concerned the colonies, the treaties obliged them to grant most-favored-nation treatment to the signatory countries; i.e., as favorable treatment as was granted to any other foreign country. Two of them, however, imposed a further obligation on the colonies; the treaties of 1862 with Belgium and of 1865 with the German Zollverein obliged the colonies to grant not only most-favored-nation treatment, but as favorable treatment as they accorded to Great Britain herself. As has been related elsewhere,\textsuperscript{20} the colonies repeatedly requested of Great Britain that she secure their release from the stipulations of these treaties. In 1897 Great Britain practically acknowledged the right of the colonies to claim release from British commercial treaties with regard to which they had not been consulted. Upon the refusal of Belgium and Germany to release the British colonies from their obligations, Great Britain denounced the two treaties in question.

THE RIGHT OF SEPARATE WITHDRAWAL.

The diplomatic difficulties which followed the attempt of Great Britain to secure the consent of Belgium and Germany to the withdrawal of the colonies suggested the desirability of supplementing the older practice, by which treaties were concluded with provision for separate adherence in respect of the colonies, by including in subsequent treaties provision for separate withdrawal on the part of the colonies. From 1899 on, old treaties were revised and new treaties were drafted with provisions for separate withdrawal therefrom by the colonies. Impetus was given to this movement by a resolution of the imperial conference of 1911 urging the Imperial Government to obtain for the colonies the right of separate withdrawal from all the existing treaties which did not already make provision for such

\begin{footnotes}
\end{footnotes}
withdrawal. The only treaties remaining at the outbreak of the war which applied to Canada and which did not make provision for separate withdrawal if desired were the treaties with Austria, Russia, Bolivia, Spain, and Venezuela. The treaty with Austria was brought to a termination by the operation of the war, and the treaty with Russia was denounced by that country shortly after the revolution in 1917. There remain only three unimportant treaties with regard to which Canada does not have the right of separate withdrawal.

TREATIES ESPECIALLY ON CANADA'S BEHALF.

Canada does not possess independent treaty-making powers, but has gradually gained considerable privileges with regard to the carrying on of negotiations with foreign countries. Of recent years negotiations on behalf of Canada have been conducted mainly by the Canadian representatives themselves, and except where a formal treaty was necessary to consummate the negotiations the imperial authorities did not participate.

In 1893 Canada negotiated with France, through the mediation of the British ambassador to France, a treaty which pledged Canada to grant France most-favored-nation treatment. This treaty was terminated by the treaty of 1909 with France, which conceded to France most-favored-nation treatment in Canada with regard to tariff matters only for the articles and classes of articles enumerated in the treaty. This treaty, denounced by France on September 10, 1919, but extended provisionally, was terminated by Canada on June 19, 1920. Italy, by the provisional agreement of 1910, enjoys the rates of the Canadian intermediate tariff with regard to certain items, and Belgium and the Netherlands, as the result of informal negotiations, were granted the rates of the Canadian intermediate tariff on those items enumerated in the French treaty of 1909. These three last-named countries have no claim to most-favored-nation treatment in Canada even for the items with regard to which they enjoy the intermediate rates of the Canadian tariff.\(^{21}\)

COUNTRIES ENTITLED TO MOST-FAVORED-NATION TREATMENT IN CANADA.

The countries which are entitled (May 4, 1921) by treaty to most-favored-nation treatment in Canada are:\(^{22}\) Argentine Republic, Colombia, Denmark, France, Japan, Norway, Russia, Spain, Sweden, Switzerland, and Venezuela.

IX. SUMMARY.

In 1897 Canada inaugurated a new period in the tariff history of the British Empire by her introduction of a preferential tariff policy. The preference originally granted was one-eighth of the full duty, but in the following year, when Great Britain, by denouncing her treaties with Belgium and the Zollverein, had relieved Canada from the necessity of extending her preference to them and to other most-favored-nation countries, the amount of the preference was increased

\(^{21}\) The tariff treatment which these three countries received from Canada was not affected by the new French-Canadian trade agreement concluded Jan. 29, 1921.

\(^{22}\) Before the war Austria-Hungary and Portugal were entitled by treaty to most-favored-nation treatment in Canada. The treaty between Great Britain and Austria-Hungary was terminated by the war, and Canada withdrew from the Anglo-Portugal treaty on Dec. 1, 1917. All these treaties are subject to separate withdrawal by Canada except the treaties with Spain and Venezuela.
to 25 per cent of the full duty. In 1900 the reduction was made one-third of the full duty. One-third continues to be the normal reduction, but by changes made for the most part in 1904 and 1907 the single-tariff schedule subject to a uniform percentage of reduction has been replaced by a three-column tariff which specifies the preferential, the intermediate, and the general rate upon each item.

In Canada, as in the other British Dominions, the preferential policy has been subordinate to the policy of protection, but, unlike the other Dominions, Canada has made her preferential policy also subordinate to the promotion of her export trade and has not hesitated, when concessions to foreign countries seemed advantageous, to cut into the preference already granted to Great Britain. This willingness of the Canadian Government to reduce a preference even of some years' standing was seen in 1904 and later when the amount of preference upon woolens, cordage, and other products was reduced; in 1907, when the intermediate tariff was established; in 1910, when agreements were made with France, Italy, Belgium, the Netherlands, and the United States for various reductions of rates, some of which became applicable to all most-favored countries; in 1911, when a reciprocity treaty was negotiated with the United States; and in 1920, when the war surtax was swept from the intermediate and general schedules. On the other hand, both in 1904 and 1907, while the preference was reduced upon some articles to afford greater protection to the Canadian producer, upon other articles the preference was increased; the war surtax of 1915 operated to produce a general increase in the preference, and this was further increased in 1919, when the war surtax was removed, through the greater part of the tariff, only from the preferential schedule.

Canada extended its preference to Great Britain without bargaining for any reciprocal concessions. Indeed, the idea underlying the "reciprocal tariff" of 1897 was that the free-trade policy of the United Kingdom in itself constituted favorable treatment of Canadian products. Upon the like basis the Canadian preference was freely extended in 1898 or later to practically all of the British Crown colonies on the ground that their low revenue duties made them favorable markets for Canadian products. To New Zealand, Canada freely extended her preferential tariff in 1904, but only after New Zealand had extended hers to Canada. Canada bargained successfully with South Africa in 1904 for the mutual concession of the preferential rates; and repeatedly but unsuccessfully Canada has bargained with Australia. This difference in attitude toward the mother country and the Crown colonies on the one hand and toward the other Dominions on the other hand is not an arbitrary one nor is it due to sentiment, but rests upon the fact that the Dominions pursue protective policies. The desire of Canada and Australia to foster the same industries hinders a reciprocity agreement between them. The tariff schedules of the British West Indies have been more extensive and have contained higher rates than those of the other colonies to which Canada freely granted her preferences, but reasons of policy and of geography led Canada from the first to show these colonies special consideration even to the extent of imposing duties for the sake of establishing a preference upon their products. Later, in the period when trade agreements with foreign countries were impairing the value of the preference to Great Britain, the preferential rates in which the West Indies were especially interested were increased and
extended, but only in return for concessions on the part of some of
the West Indies (1912–13). The West Indian colonies which re-
mained outside of this agreement were included in its benefits for a
period which was allowed to run on during the war until, in 1920–21,
all the West Indian colonies except Bermuda ratified a new agreement
by which greater tariff favors were extended on both sides.

The administrative regulations connected with the Canadian tariff
operate to increase the British preference in three respects. Since
1859 the Canadian ad valorem duties have been assessed on the value
in the port of shipment rather than on the value at the port of entry
into Canada. The effect is to free from duty the costs of direct
transportation from any part of the world, and to that extent to
deprive the countries which lie closer to Canada of the advantage
of their position. Since the chief competitors for the Canadian import
trade are the United States and Great Britain, the latter derives the
main benefit from the regulation. The Canadian antidumping law
(1904–7) operates to the advantage of free-trade countries, so that
Great Britain derives the main benefit; and special features of the
law applicable to Great Britain alone extend the same advantages
in respect to certain articles upon which duties or excises are levied
in Great Britain. In 1920 the rule in regard to the conversion of
valuations expressed in depreciated currencies was changed so that
the ad valorem duties upon imports from countries with depreciated
currencies were in effect reduced in proportion to that depreciation
(but, according to legislation proposed in May, 1921, not beyond a
reduction of 50 per cent). Once again the legislation benefits coun-
tries other than Great Britain, but its significance lies chiefly in its
favorable effect upon British as compared to American trade with
Canada.

It was the Liberal Party which introduced and extended the
Canadian preferential system in 1897–1900. When, after several
years, Great Britain had granted no preference in return, the
Canadian Government sought the expansion of trade in other direc-
tions, and the period from 1904 to 1911 impaired, to a considerable
degree, the value of the preference accorded to Great Britain. This
period ended with the rejection by the Canadian voters of the recip-
rocal agreement with the United States (1911) and the return of the
Conservatives to power. The Conservatives extended the preference
enjoyed by the British West Indies (1912), and, by the war customs
act of 1915, made a general increase in the differentials between the
rates of the preferential and the other schedules. After the war, when
the reduction of taxation became possible, the Coalition or Unionist
Government removed the surtax first from British products so that
temporarily the preference was further increased. The programs of
the Liberal and of the Farmers’ Parties now calls for an extension of
the free list and for an all-around reduction of duties, but both would
accompany these measures with a general increase in the percentage
of reduction accorded under the preferential schedule, and the
Farmers’ Party even advocates free trade with Great Britain. Thus
the leading parties in Canada have given their support to the preferen-
tial policy—a policy which is receiving renewed consideration as
Canadians reflect upon the probable effect upon their trade of the
tariff revision now in progress in the United States.

(Bibliography on page 832.)
Chapter XIV.
THE PREFERENTIAL POLICY IN NEWFOUNDLAND.

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I. Population, Trade, and Government.

The Dominion of Newfoundland includes the island of that name, 42,700 square miles in area, and that strip of the eastern coast of the continent called Labrador, with an area of about 120,000 square miles. Labrador is practically uninhabited, containing only about 4,000 people. The population of the island is about 250,000 or 6 to the square mile. Newfoundland, for the greater part of her history, has been a country of one industry—fishing. Even to-day, although in recent years the mining and wood-pulp industries have undergone considerable development, over 70 per cent of her exports consist of products of the fisheries and over 60 per cent consist of dried cod alone. The small population and the lack of economic development make Newfoundland much the least important of the Dominions, and its commerce is only about one-fourth of that of New Zealand, the next larger of the Dominions. Table 1 shows the values of imports and exports, and their growth since 1900.

Table 1.—Value of the imports and exports of Newfoundland for selected years, 1900-1920.

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>7.5</td>
<td>8.6</td>
<td>16.1</td>
</tr>
<tr>
<td>1910</td>
<td>12.8</td>
<td>11.8</td>
<td>23.6</td>
</tr>
<tr>
<td>1913</td>
<td>16.0</td>
<td>14.7</td>
<td>30.7</td>
</tr>
<tr>
<td>1915</td>
<td>12.3</td>
<td>13.1</td>
<td>25.4</td>
</tr>
<tr>
<td>1916</td>
<td>15.4</td>
<td>12.0</td>
<td>35.4</td>
</tr>
<tr>
<td>1917</td>
<td>21.3</td>
<td>22.4</td>
<td>43.7</td>
</tr>
<tr>
<td>1918</td>
<td>26.9</td>
<td>30.2</td>
<td>57.1</td>
</tr>
<tr>
<td>1919</td>
<td>33.3</td>
<td>36.8</td>
<td>70.1</td>
</tr>
</tbody>
</table>

1 Yearbook of Newfoundland, 1920, p. 366.
Of all the self-governing Dominions, Newfoundland enjoys the least control over its own legislation and in other respects possesses less autonomy than the other Dominions. This limitation is partly the result of its small population and of its comparatively backward economic development, but it is primarily due to the danger of the disturbance of international amity arising from competition in the fisheries. The claims of France and the United States to privileges in the Newfoundland fisheries and the objections raised against these claims by Newfoundland have repeatedly involved Great Britain in diplomatic controversies, have at times even endangered the continuance of friendly relations with France and the United States, and have resulted, therefore, in Great Britain’s retaining a greater measure of control over Newfoundland legislation.

II. General Features of the Tariff.

The tariff schedules of 1898 and 1905 show that Newfoundland has long pursued the policy of levying high duties, partly for the protection of her agriculture and her few industries, but chiefly for securing revenue. Many of the rates especially on foodstuffs, are specific, but ad valorem rates up to 40 per cent, and even higher, are levied on many classes of manufactured articles.\(^1\)

A surtax of 10 per cent of the rate was added to all import duties in December, 1914. In a few instances the rates are protective of local industries, but the manufactures of Newfoundland are comparatively unimportant, so that the rates are chiefly for revenue. In normal prewar years duties on imports yielded over 80 per cent of the colony’s revenue. Before the war the free list included agricultural and coal-mining machinery; books, paper, and printing supplies; whole wheat and uncleaned rice, and fertilizers; but these articles and others have been made dutiable at 10 per cent.\(^2\) The free list still includes sugar, kerosene, salt for curing fish, machinery for making nets and other fishing gear, and various raw materials. The free list in 1913-14 covered 47.5 per cent of the total importations, but in 1918-19 only 16.1 per cent. The transfer to the dutiable list of many articles which, however, were subjected to comparatively low rates has decreased the average rate collected upon all dutiable articles, while the presence of numerous specific rates has served during a period of rising prices, to prevent an increase in the average rate collected upon all imports, free and dutiable. Table 2 shows the average rate collected upon all imports for selected years before

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\(^{1}\) Examples of these duties, without the surtax, may be given. The general terms used include in many cases articles dutiable at other rates under more precise descriptions contained elsewhere in the tariff schedule. Eggs are dutiable at 5 cents a dozen; tea and coffee at 5 cents a pound; potatoes at 10 cents a bushel; other vegetables at 20 cents a bushel, or at 30 per cent ad valorem; fruits, 15 per cent; dried fruit, 3 cents a pound; herring barrels, 25 cents each; lumber, $1 to $5 per thousand feet; gasoline, 6 cents a gallon; cigarettes, 55 a pound; beer, 80 cents a gallon; wines, other than champagne, 36.40 to $2.00 a gallon, and other alcoholic beverages $3.40 to $4.50 a gallon. Lard, glassware, and paint pay 30 per cent ad valorem, and common brick 30 per cent plus $2.50 per thousand. Thirty-five per cent ad valorem is levied upon practically all textiles; many kinds of groceries, hardware, and machinery; boats and launches; odds, fish, and time-pieces. Forty per cent ad valorem is levied upon all goods not enumerated in the tariff schedules, upon china and porcelain, leather ware, trunks and valises, hats and caps, brushes, bicycles, manufactures of wood, matches, fancy wares, fireworks, perfumery, musical instruments, and jewelry. Forty-five per cent ad valorem is levied upon ready-made clothing, manufactures of fur, and tinware. Alcoholic perfumes, and advertising and printed matter are among the articles dutiable at 50 per cent ad valorem; cassia, n. e. s., pay 60 per cent, and wheelbarrows 75 per cent.

\(^{2}\) The surtax of December, 1914, is applicable and makes this rate 11 per cent. Tea was free, and is now dutiable at 5 cents a pound; beef and pork in barrels have been made dutiable at $1 and $1.50 per barrel, respectively. Acts of Aug. 12, 1921 increase the surtax to 25 per cent of the duty, with some exceptions, and impose upon imports a sales tax of 5 per cent ad valorem. Commerce Reports, Oct. 10, 1921, pp. 359, 362.
NEWFOUNDLAND.

and after the tariffs of 1898 and 1905, for the last fiscal year before the war, and for the latest year available.

Table 2.—Total imports and duties paid thereon, in selected fiscal years.\(^a\)

[In thousands of dollars.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Duty paid</th>
<th>Average rate collected upon—</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>All imports</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Per cent.</td>
</tr>
<tr>
<td>1896</td>
<td>$5,987</td>
<td>$1,387</td>
<td>23.2</td>
</tr>
<tr>
<td>1909</td>
<td>7,497</td>
<td>1,574</td>
<td>23.0</td>
</tr>
<tr>
<td>1906</td>
<td>10,414</td>
<td>2,366</td>
<td>22.2</td>
</tr>
<tr>
<td>1914</td>
<td>16,194</td>
<td>3,055</td>
<td>19.5</td>
</tr>
<tr>
<td>1919</td>
<td>55,397</td>
<td>6,388</td>
<td>19.8</td>
</tr>
</tbody>
</table>

\(^a\) Ended June 30.

III. No General Preference to British Trade.

Newfoundland alone of the Dominions has not adopted a general scheme of preference to British trade. The explanation of this isolation in policy is to be found partly in her policy of raising revenue from imports, but mainly in the character of her export trade and of her commercial relations with other countries. Briefly, Newfoundland finds her most important markets, actual and potential, outside of the British Empire, and the British countries which do afford a limited market for her products either already grant to Newfoundland a one-sided preference for reasons of their own, or are not likely to adopt preferential duties which would benefit Newfoundland’s trade. Newfoundland, therefore, has not been drawn toward a preferential policy by the same hopes which have influenced the other Dominions, and, on the other hand, her fears of retaliation by other countries have been stronger.

Newfoundland representatives have taken little part in the discussions of preference at the colonial conferences. Newfoundland failed to send representatives to the Ottawa conference of 1894. At the conference in London in 1902, and again in 1907, her representatives supported the resolutions for preferential trade. Sir Robert Bond, the prime minister of Newfoundland, stated at the colonial conference of 1907 that the establishment of a preference to British products was under consideration, but the budget speeches\(^3\) made in the Newfoundland Legislature during this period do not disclose any indications of it. On the contrary, year after year, emphasis was laid, first, on the necessity of Newfoundland’s retaining complete fiscal autonomy and determining her commercial policy with a view single to her own interests, and, second, on the fact that the important markets for Newfoundland’s exports were in foreign countries.\(^4\)


\(^{4}\) Cf. for example, budget speeches of Mr. E. M. Jackman, minister of finance and customs, Mar. 15, 1907, and Feb. 11, 1908.
COLONIAL TARIFF POLICIES.

THE TARIFF AS A REVENUE PRODUCER.

The Newfoundland tariff is relied upon to produce a great part of the State's revenue. Through many years prior to and including 1916-17 customs yielded 80 to 85 per cent of the total revenue, and in 1917-18 above 75 per cent of the colony's revenue. Moreover, in normal prewar years over 60 per cent of the colony's imports came from British countries. A general reduction upon these imports, therefore, would have resulted in losses of revenue, while a general increase upon foreign imports was not considered desirable.

CHARACTERISTICS OF NEWFOUNDLAND'S TRADE.

The distribution of Newfoundland's trade is shown in Tables 3 and 4. Table 3 shows the predominance of the United States, Canada, and Great Britain in supplying the diverse wants of Newfoundland and the relatively unimportant market which they afford for her products. Table 4 shows more specifically the markets for Newfoundland's chief export, dried cod. It exhibits the significant fact that the Roman and Greek Catholic countries of Europe and South America absorb 90 per cent of Newfoundland's export of dried fish. In these countries the warm climate, the low standard of living, and the religious observances of the people all combine to create a market for cheap salt fish, whereas there never has been and can not be any special demand for it in Great Britain. This is one of the principal factors which has obstructed the development of the preferential policy in Newfoundland.

Table 3.—Total value of imports and exports of Newfoundland by principal countries for fiscal years 1914 and 1919.¹

<table>
<thead>
<tr>
<th>Country</th>
<th>Imports.</th>
<th></th>
<th></th>
<th>Exports.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913-14</td>
<td>1918-19</td>
<td></td>
<td>1913-14</td>
<td>1918-19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value.</td>
<td>Per cent</td>
<td>Value.</td>
<td>Per cent</td>
<td>Value.</td>
<td>Per cent</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>3.8</td>
<td>25.2</td>
<td>2.4</td>
<td>7.2</td>
<td>3.3</td>
<td>21.5</td>
</tr>
<tr>
<td>Canada</td>
<td>4.9</td>
<td>32.0</td>
<td>12.8</td>
<td>38.4</td>
<td>2.0</td>
<td>13.0</td>
</tr>
<tr>
<td>British West Indies</td>
<td>0.2</td>
<td>1.5</td>
<td>0.9</td>
<td>2.8</td>
<td>0.5</td>
<td>3.5</td>
</tr>
<tr>
<td>United States</td>
<td>5.8</td>
<td>38.2</td>
<td>16.6</td>
<td>49.8</td>
<td>1.7</td>
<td>11.1</td>
</tr>
<tr>
<td>Portugal</td>
<td>.1</td>
<td>.1</td>
<td>.3</td>
<td>.3</td>
<td>1.0</td>
<td>6.5</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.2</td>
<td>21.4</td>
<td>5.2</td>
<td>14.1</td>
<td>1.0</td>
<td>2.9</td>
</tr>
<tr>
<td>France</td>
<td>.1</td>
<td>.1</td>
<td>2.0</td>
<td>8.4</td>
<td></td>
<td>2.9</td>
</tr>
<tr>
<td>Italy</td>
<td>1.4</td>
<td>7.2</td>
<td>2.1</td>
<td>5.7</td>
<td></td>
<td>2.9</td>
</tr>
<tr>
<td>Greece</td>
<td>.2</td>
<td>1.0</td>
<td>2.0</td>
<td>8.4</td>
<td></td>
<td>2.9</td>
</tr>
<tr>
<td>Spain</td>
<td>.1</td>
<td>2.0</td>
<td>.7</td>
<td>3.9</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>All others</td>
<td>.2</td>
<td>2.0</td>
<td>.3</td>
<td>9.0</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15.2</td>
<td>100.0</td>
<td>33.3</td>
<td>100.0</td>
<td>15.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

¹ Newfoundland customs returns for 1913-14 and 1918-19.
The export of pickled herring for 1919 amounted to $2,379,000 in value and refined cod oil to $2,244,000.

This distribution of trade, in addition to the points made below in discussing the relations of Newfoundland to Great Britain, Canada, the West Indies, and the United States, produced in Newfoundland a fear that if Newfoundland should adopt preference the foreign countries, which provided a market in prewar years for almost 60 per cent and in 1918–19 for over 80 per cent of her exports, would retaliate, and that the grant of preferential treatment to British products would make impossible the securing of reciprocity with the United States.

**RELATIONS WITH GREAT BRITAIN.**

The introduction of a preferential policy in Great Britain presents no attraction to Newfoundland. Her chief export, dried cod, can not be expected, for various reasons, to be absorbed in any significant quantity in the United Kingdom. Of her minor exports, she sends to Great Britain lobsters, fish oil, copper and iron ore, and paper and wood pulp. Because of the limited importance of these articles to her trade, the improbability that their production in Newfoundland and their market in Great Britain could be greatly expanded, and the unlikelihood that Great Britain would impose upon them any preferential duties, Newfoundland has had little to expect from preferential tariff relations with Great Britain.

**RELATIONS WITH CANADA.**

Newfoundland’s commercial relations with Canada closely resemble those with Great Britain. The chief article of export to Canada is iron ore, which is free of duty in the Canadian tariff and is essential to the maintenance of the iron and steel industry in Nova Scotia. There are important exports to Canada, it is true, of products of the fisheries, but to a large extent they are not intended for Canadian

---

1 Newfoundland customs returns, 1913-14 and 1918-19.

Note.—A Newfoundland “quintal” of fish is 112 pounds avoirdupois.

---

Table 4.—Distribution of exports of dried codfish by principal countries, 1913-14 and 1918-19.1

<table>
<thead>
<tr>
<th>Country</th>
<th>Quantity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913-14</td>
<td>1918-19</td>
</tr>
<tr>
<td>Portugal</td>
<td>153</td>
<td>560</td>
</tr>
<tr>
<td>Brazil</td>
<td>462</td>
<td>310</td>
</tr>
<tr>
<td>Spain</td>
<td>201</td>
<td>271</td>
</tr>
<tr>
<td>Italy</td>
<td>171</td>
<td>213</td>
</tr>
<tr>
<td>Greece</td>
<td>70</td>
<td>40</td>
</tr>
<tr>
<td>British West Indies</td>
<td>67</td>
<td>73</td>
</tr>
<tr>
<td>United States</td>
<td>18</td>
<td>51</td>
</tr>
<tr>
<td>Canada</td>
<td>80</td>
<td>30</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>All other countries</td>
<td>13</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,247</strong></td>
<td><strong>1,682</strong></td>
</tr>
</tbody>
</table>

1 Produced by British newspaper interests for their own use.
consumption but are sent to Canada for reexport to other countries. Moreover, Canada enjoys like privileges with Newfoundland in the Canadian fisheries, and it is in return for this, as well as a matter of general policy, arising perhaps from the fear that Newfoundland otherwise would retaliate in her tariff legislation, that the products of the Newfoundland fisheries have always received, with the exception of the period from 1885 to 1892, preferential free admission into Canada. There are no exports to Canada from Newfoundland in significant amount with the exception of iron ore and the products of the fisheries. Newfoundland has had nothing further to gain, therefore, from a preferential agreement with Canada, and has not attempted to negotiate any such arrangement.

RELATIONS WITH BRITISH WEST INDIES.

In 1912 Newfoundland was included in the Canadian arrangement for preferential treatment in the British West Indies, although not a party to the negotiations. The concession was of real advantage to her as she exported substantial quantities of fish to the islands and could develop her market there still further under preference. This privilege, though extended for a minimum of three years, will in all probability not be withdrawn nor be made to apply to Canada alone, for the policy of the Imperial Government has always opposed discrimination by Crown colonies, such as the West Indies, between two parts of the Empire. Newfoundland has, for example, a valuable precedent to cite in the refusal of the imperial authorities to give their assent to the Bond-Blaine convention of 1890, on the ground that its terms involved discrimination against Canada. The Canada-West Indies agreement of 1920 does not mention Newfoundland, but provides in Article IX that it "shall not interfere with any existing preference."

Certain other special considerations warrant the inclusion of the Dominion in the Canadian agreement. Newfoundland exports nothing but fish to the British West Indies, and much of this goes by way of Canada. The free admission of Newfoundland fish into Canada would make the restriction of the preference to Canadian fish by the British West Indies difficult of administration. Moreover, the admission of Newfoundland fish at the preferential rates gives to the British West Indies the assurance that there will be full competition and that the Canadian fishermen will not be able to monopolize the full benefit of the reduction in duties. For these reasons the Canada-West Indies agreement offers no inducement to Newfoundland herself to establish a separate preferential arrangement.

RELATIONS WITH THE UNITED STATES.

Fishermen of Great Britain, Canada, the United States, and France as well as those of Newfoundland engage in fisheries off the shores of the Dominion. Newfoundland's policy has been as far as possible to

---

6 "The Canadians, in their own interests, to enable them to secure supplies of our fish for markets which they can not satisfy from their own industry, allow Newfoundland fish free entry into their markets." Dominions Royal Commission. Gt. Brit. Parl. Papers. Minutes of Evidence Taken in Newfoundland in 1914. Cd. 7886 (1915), p. 40.

7 See next page.
exclude the French and to permit full privileges to Americans only in return for the concession by the United States of equal treatment for Newfoundland fish, whether caught by Newfoundlanders or by Americans. The exports of fisheries products to the United States from Newfoundland have never been of great importance, but it has always been the belief in Newfoundland that the American market is potentially the most valuable and that the greatest benefit Newfoundland could receive would be free admission of its fish into the United States. In pursuance of this policy, Newfoundland endeavored, throughout a long period, to negotiate with the United States a reciprocal agreement which would, in return for compensatory concessions, secure the opening of the American market to fish caught by Newfoundland fishermen. Concentration upon the negotiations with the United States and fear that the grant of preference to British imports would endanger the success of these negotiations operated to check the growth of any sentiment in favor of preferential trade.

Newfoundland was a party to the reciprocity treaty of 1854 between the United States and the British North American colonies, which provided, among other things, for the grant to American fishermen of full fishing privileges and for the mutual free exchange of natural products, including the products of the fisheries. The reciprocity treaty of 1854 was terminated by the United States on March 17, 1866, and its termination reopened the fisheries question. A new settlement was consummated by the treaty of Washington of 1871, in which provision was made, in Articles XVI and XXXII, for the reciprocal free admission of the products of the fisheries. In 1883 the United States gave notice of termination of the fisheries articles in the treaty of Washington, and these provisions ceased to operate in 1885. In 1888 there was negotiated a new arrangement, embodied in the Bayard-Chamberlain treaty, by which the executive department of the United States undertook to recommend to Congress the enactment of legislation to remove the duties on the fisheries products of Canada and Newfoundland. The Senate, however, refused to ratify the treaty.

In 1890 a new agreement, the Bond-Blaine convention, negotiated independently by Newfoundland, provided for the free admission of various fisheries products of Newfoundland into the United States in return for remissions or reductions of duty in Newfoundland on a number of natural and manufactured products of the United States and the extension to American fishermen of certain fishing and bait privileges in Newfoundland waters. Canada, which was not included in the convention, protested against it on the ground that, as all British subjects had common property rights in the fisheries, no one group could barter the fisheries privileges away for concessions to be enjoyed by that group alone; that in this instance, while the Canadian fishermen would pay the regular high duties of the American tariff, the Newfoundland fishermen would pay lower duties. Yielding to the insistent representations of the Canadian Government, the British Government let it be understood that it would not ratify the convention. Twelve years later, however, in 1902, Canada withdrew her objections to a reciprocal arrangement between Newfoundland and the United States and there was negotiated the Bond-Hay convention, similar in its terms to the Bond-Blaine convention of 1890.
This agreement was ratified by the British Government, but was nullified by amendments in the United States Senate. Throughout this period of negotiations fishing and bait privileges had been extended by Newfoundland to American fishermen by repeatedly renewing the modus vivendi. Upon the failure of the Senate to ratify the Bond-Hay convention, the Dominion enforced old provisions and enacted new legislation to restrict the use of Newfoundland territory and fishing facilities by American fishermen, but the imperial authorities, upon protest by the United States, prevented the enforcement of this legislation. In 1910 the dispute was finally settled by arbitration proceedings between the United States and Great Britain but without securing to Newfoundland the entry of its fish into the American market on equal terms with fish caught in Newfoundland waters by American fishermen. Finally the United States tariff act of 1913 provided for the free admission of fish.

IV. Minor Preferential Provisions.⁸

Although Newfoundland has not established a general measure of preference to British imports, the Newfoundland tariff is not altogether devoid of preferential features. Two provisions, both of minor importance, favor British imports. Fish of British catch and cure, and oil, the product of such fish,⁹ have been free of duty since 1900 at least, whereas similar imports from foreign countries pay duties of 35 per cent ad valorem. This provision is of little significance, however, as Newfoundland imports virtually no fish or fish oil.

Another preferential provision, of greater importance, enacted while the policy of preferential trade was a question of practical politics throughout the British Empire, is found in an amendment of March 26, 1907, to the customs act of 1898, which governs the application of the duties on imports. For the section governing the valuation of imports for duty the amendment substitutes the following:

Sec. 2. In determining the dutiable value of goods, except when imported from Great Britain, Ireland, and Canada, there shall be added to the cost, or the actual wholesale price, or fair market value, at the time of exportation, in the principal markets of the country from whence the same have been imported into this colony, the cost of inland transportation, shipment, and transshipment, with all the expenses included, from the place of growth, production, or manufacture, whether by land or water, to the vessel in which shipment is made, either in transit or direct to this colony **.

This provision is equivalent to a direct tariff preference to Canadian, and to a less extent to British products, in their competition with American products. Many articles in which there is competition between Canada and the United States are subject to duties of from 30 to 45 per cent ad valorem upon importation into Newfoundland. Where the American products are manufactured in the Middle West

⁸ Attention may be called to certain other provisions of the Newfoundland tariff, of even less importance than those mentioned in the text, which do not operate equally upon articles of all origins. The free list includes "apparel, wearing and other personal and household effects, not merchandise, of British subjects dying abroad, but domiciled in Newfoundland." Formerly on the free list, now dutiable at 10 per cent, are "works of art, viz: Paintings in oil or water colors by artists of well-known merit, or copies of the old masters by such artists; and paintings in oil and water colors, the production of Newfoundland artists, under regulations prescribed by the Governor in Council, and engravings, when produced by the Art Union Society of London." On the free list in 1904-1915, now dutiable at 5 cents a gallon, is "molasses produced in the West India Islands in the process of the manufacture of sugar from the juice of the sugar cane, including duty on the package in which it is imported." It should be observed that this discrimination (molasses of other origin being dutiable under the head of groceries at 35 per cent ad valorem) operates in favor of all the West Indies and not simply of the British islands.

⁹ Not to include preparations of cod-liver oil.
and the Canadian products in Ontario, as is often the case, the extra
duty levied on the cost of shipping the American article from its
point of production to New York or Portland may be a substantial
preference to the Canadian manufacturer upon whose products this
extra duty is not levied.

An act of August 12, 1921, raises the export duty on preserved fish
exported in sailing vessels of non-British registry from 20 to 40 cents
per quintal.\(^9\)

**BARGAINING PROVISIONS IN THE NEWFOUNDLAND TARIFF.**

There are a number of provisions in the Newfoundland tariff,
intended to secure favorable tariff treatment in other countries for
the products of the Newfoundland fisheries, which authorize under
certain circumstances special concessionary duties and under other
circumstances the imposition of special penalty duties.

Section 12 of the tariff act of 1905 authorizes the Governor in
Council to remit the whole or any portion of the duties upon wines,
currants, and raisins imported from any country producing these
articles in return for the reduction by such country of its duty on
codfish imported from Newfoundland. By agreement with Greece,
negotiated in 1905, currants and Sultana raisins imported from that
country are admitted into Newfoundland free of duty in return for
the reduction by Greece of its duty on codfish imported from New-
foundland. Imports into Newfoundland of currants and raisins from
all other countries, British or foreign, are subject to duty at 3 cents
a pound.\(^10\) But no British country except Australia produces any
considerable quantity of raisins for export.

Section 17 authorizes the imposition of an export duty on herring
when exported to a country which admits Newfoundland herring
free of duty if imported in vessels belonging to that country, but
subjects such imports to duty when imported in Newfoundland
vessels. There is no indication that this provision has ever been
brought into operation.

Section 15 of the tariff act authorizes the remission or reduction of
duties on fish imported into Newfoundland from any country which
makes a corresponding reduction in its duties on fish imported from
Newfoundland. No instance has been found of this provision's
being put into operation.

**SURTAXES AS POSSIBLE PENALTY ON NONRECIROCUAL TREATMENT IN
UNITED STATES.**

Section 16 of the tariff act requires that, in addition to the duties
provided for in the general tariff, certain specified surtaxes shall be
imposed on a number of specified articles, when imported "from
countries the fishermen of which have the privilege of taking codfish
upon all parts of the coast of Newfoundland and its dependencies,
and in which country duties are or hereafter shall be levied upon fish,
or the produce of the fisheries, exported from this colony or its

\(^9\) Commerce Reports, Oct. 10, 1921, p. 360.

\(^10\) Plus (since Aug. 12, 1921) a surtax of 25 per cent of the duty, and a sales tax of 5 per cent ad valorem.

Greek products are exempt from the sales tax.

\(^11\) The proviso is made, however, that the governor in council may, "at any time when it shall be made
to appear to him to be for the interest of the colony," suspend the operation of this clause for a limited
period in respect of all or any of the above-mentioned articles.
dependencies to such countries." 12 The general duties and the sur-
taxes on the articles named in this clause are shown in Table 5.

Table 5.—Newfoundland's penalty duties.

<table>
<thead>
<tr>
<th>Article</th>
<th>Unit</th>
<th>General duty</th>
<th>Surtax under section 16.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flour</td>
<td>Barrel</td>
<td>Free</td>
<td>$0.75</td>
</tr>
<tr>
<td>Pork</td>
<td>do</td>
<td>$1.50</td>
<td>0.75</td>
</tr>
<tr>
<td>Butter</td>
<td>100 pounds</td>
<td>3.50</td>
<td>0.75</td>
</tr>
<tr>
<td>Tobacco</td>
<td>do</td>
<td>40.00-50.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Kerosene oil</td>
<td>Gallon</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>Corn meal</td>
<td>Barrel</td>
<td>35 per cent.</td>
<td>25</td>
</tr>
<tr>
<td>Hay</td>
<td>Short ton.</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Oats</td>
<td>Bushel</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>Potatoes</td>
<td>do</td>
<td>0.10</td>
<td>0.25</td>
</tr>
<tr>
<td>Turnips</td>
<td>do</td>
<td>0.20</td>
<td>0.25</td>
</tr>
<tr>
<td>Cabbages</td>
<td>Dozen heads</td>
<td>(1)</td>
<td>(30 per ct.)</td>
</tr>
<tr>
<td>Unenumerated vegetables</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Canned, 35 per cent ad valorem; fresh, 30 per cent ad valorem.

Canada, Great Britain, France, and the United States all enjoy fishing privileges in Newfoundland. Canada and Great Britain admit the products of the Newfoundland fisheries free of duty, while Newfoundland does not import from France any of the items enumerated. The provision is directed, therefore, against the United States and would establish, if put into effect, an important preference to Canadian and in less degree to British trade. Since 1913 fish have been admitted into the United States free of duty. There is no evidence that this provision had ever been brought into operation before that date. It can not be assumed, however, that it will not be put in force if the American general tariff bill which has already passed the House, and which makes fish dutiable, becomes law. Table 6 shows the importance of the articles mentioned in the trade of the United States with Newfoundland and the extent of Canadian competition for this trade.

Table 6.—Exports to Newfoundland of the articles named in the penalty tariff provision.

[Average values of exports of domestic products, in thousands of dollars, from the United States for the three calendar years, 1918-1920, and from Canada for the three fiscal years ended Mar. 31, 1921.]

<table>
<thead>
<tr>
<th>Article</th>
<th>From United States (U.S. currency).</th>
<th>From Canada (Canadian currency).</th>
<th>Article</th>
<th>From United States (U.S. currency).</th>
<th>From Canada (Canadian currency).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat flour</td>
<td>53</td>
<td>3,879</td>
<td>Pork</td>
<td>1,224</td>
<td>68</td>
</tr>
<tr>
<td>Corn meal</td>
<td>135</td>
<td>28</td>
<td>Hay</td>
<td>342</td>
<td>190</td>
</tr>
<tr>
<td>Oats</td>
<td>38</td>
<td>530</td>
<td>Tobacco and manufactures of</td>
<td>321</td>
<td>22</td>
</tr>
<tr>
<td>Beans</td>
<td>6</td>
<td>6</td>
<td>Total of selected articles</td>
<td>2,255</td>
<td>5,290</td>
</tr>
<tr>
<td>Peas</td>
<td>22</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potatoes</td>
<td>7</td>
<td>133</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnips</td>
<td>(1)</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onions</td>
<td>20</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other vegetables</td>
<td>103</td>
<td>58</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Butter</td>
<td>4</td>
<td>233</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Not shown separately.

2 Information available only for 1919.

(Bibliography on page 832.)
CHAPTER XV.

PREFERENTIAL TARIFFS IN BRITISH SOUTH AFRICA.

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INTRODUCTION.

The term "British South Africa" is generally understood, and is here used, to include (1) the four Provinces of the Union of South Africa, namely, Cape Colony, the Transvaal, the Orange Free State, and Natal, (2) the British Crown territories of Basutoland and Swaziland, and the British protectorate of Bechuanaland, (3) the territories under the administration of the British South Africa Co., namely, Southern Rhodesia and Northern Rhodesia, (4) since 1915 German Southwest Africa, now known as the South-West Africa Protectorate and administered by the Union of South Africa under mandate from the League of Nations. All of these colonies and territories, except part of Northern Rhodesia, are in the South African Customs Union.

The first European settlement in what is now known as British South Africa was made by the Netherlands East India Co., which occupied the Cape of Good Hope from 1652 to 1795. In 1795 the Cape was seized by the British, and it was occupied by them until
1803, when it was restored to Dutch rule. In January, 1806, the Cape was once more surrendered to the British, and from this date has remained uninterruptedy a British possession. Until 1854 Cape Colony was governed as a Crown colony. In that year it was granted representative government and in 1872 responsible government. Natal was made a separate colony with representative government in 1856 and was given responsible government in 1893. The Transvaal and the Orange Free State, which were settled by Dutch colonists who had moved north at various times were independent or semi-independent republics from their organization in 1852 and 1854, respectively, until their conquest in the Boer War, except for an interval of four years (1877–1881), when they were under British sovereignty. During the period of reconstruction after the Boer War, they were governed as Crown colonies, but in 1906 responsible government was granted to the Transvaal and in 1907 to the Orange Free State. In 1910 Cape Colony, the Transvaal, the Orange Free State, and Natal entered into political union, forming the "Union of South Africa." To this union as mandatory the conquered German territory of Southwest Africa has been entrusted.

Rhodesia was founded by Cecil Rhodes in 1889, while premier of Cape Colony, under a British charter entrusting the British South Africa Co. with the administration of the territory. In Southern Rhodesia the company is assisted by a partially elective legislative council.

Basutoland, Swaziland, and the Bechuanaland Protectorate are territories inhabited almost exclusively by natives and are governed by their chiefs under the supervision of an administrator responsible to the Imperial Government.

I. Tariff History, 1795–1903.

Preferrential System, 1795–1855.

Up to 1795 the Dutch East India Co. enjoyed a monopoly of the trade of the Cape and exercised strict and narrow control. Between 1795 and 1806 the British and the Dutch followed a more liberal policy, but many restrictions remained. Throughout the period of British occupation and government of the Cape as a Crown colony, Imperial ordinances enforced preferential treatment of British imports into the colony. From 1795 to 1855 the rates of duty on foreign goods ranged from 10 to 15 per cent ad valorem,1 whereas from 1807 to 1813 British goods entered free and in the other years paid duties rarely exceeding 3 or 3 ½ per cent and never exceeding 5 per cent.

During the whole of this period (1795–1855) the products of the colony enjoyed a tariff preference in Great Britain. This was especially true of wines, which were an important export of the Cape during the first half of the nineteenth century. The Imperial Government did its utmost to foster the industry in the colony and in 1813 granted to Cape wines a preference of two-thirds of the duties payable on the competing wines of Spain and Portugal. The preference was reduced from time to time, but while it continued in substantial

1 But as low as 5 per cent when imported in British ships.
amount the wine industry flourished in the Cape. The successive
reductions in the preference gave rise to considerable protest and to
prolonged and bitter agitation in the colony.

The preferences in the colony to British goods were abolished in
1855 by the Cape upon its acquiring authority to enact its own
tariffs. In 1860 Great Britain, in accordance with the stipulations
of the Cobden treaty with France, reduced the duties on foreign
wines, thus extinguishing the preference to colonial wines. Most of
the other preferences on colonial products had been abolished by
previous legislation. The arrangement of the new wine duties in
1861 and 1862 without preference to colonial wines and on the basis
of proof strength had an extremely adverse effect, because of the
relatively high alcoholic content of South African wines, on the
Cape wine industry and practically excluded its products from the
English market.\(^2\)

**THE TARIFF POLICY OF CAPE COLONY, 1855–1898.**

In the second half of the nineteenth century the discovery of rich
mine fields in the Cape resulted in a decline in the relative importance
of agriculture and in the development of a South African market for
agricultural products. South Africa changed gradually from an ex-
porter to an importer of wheat and flour, meat, dairy products, and
other foodstuffs. The wool and ostrich feather farmers who depended
on the export trade to market their products were favorable to a
policy of free trade, and, in the absence of domestic manufacturing
industries, support for protective duties came only from the producers
of foodstuffs. The ability to levy duties on goods passing through
the ports of the Cape but destined for the inland Republics provided
an additional factor, however, in support of moderately high customs
duties. The tariff, therefore, was retained mainly as a means of
collecting revenue but to some extent also because of the protection
it afforded to domestic producers of foodstuffs.\(^3\)

The wine growers of the Cape did not forget the advantages they
had enjoyed under the British preferential policy prior to 1860, and
what sentiment there was in the Cape in favor of the policy of im-
perial preference was found in these years chiefly amongst them and
the politicians who spoke for them. These were largely Dutch, and
the Afrikander Bond, under the leadership of Mr. Jan Hofmeyr,
spoke for them in urging upon Great Britain the policy of preferen-
tial treatment of colonial products. Mr. Hofmeyr, at the imperial
conference in 1887, at London, made a strong plea for the establish-
ment of intra-imperial preference. In the Cape, Mr. Hofmeyr had
already gained, for his program of protection at home and preference
in England to the agricultural products of the Cape, the support of
Mr. Cecil Rhodes, a power in Cape politics, and soon afterwards
premier of the Cape. Mr. Rhodes later explained the origin of his
political partnership with the Bond, the Dutch political organiza-
tion, as follows:

In these days (the eighties) Hofmeyr was chiefly interested in withstanding free
trade and upholding protection on behalf of the Dutch, who were agriculturists and

\(^2\)Cf. for the tariff history of this early period, Samuel Evans, Preference and Protection in British South
Africa, Ch. XII, in The Burden of Protection, London, 1912, published for The International Free Trade
League.

\(^3\)Cf. Sir Lewis Michell, Life of the Right Hon. Cecil J. Rhodes, 1910, vol. 1, p. 95, and James Bryce,
wine growers. I had a policy of my own, which I never disguised from Hofmeyr. It was to keep open the road to the north, to secure for British South Africa room for expansion, and to leave time and circumstances to bring about an inevitable federation. I therefore struck a bargain with him by which I undertook to defend the protective system of Cape Colony and he pledged himself in the name of the Bond not to throw any obstacles in the way of northern expansion. * * *

Mr. Rhodes became an ardent advocate of imperial preference, and urged it upon the imperial authorities at every opportunity. In 1891, reporting a conversation with Lord Salisbury, then premier of England, on this subject, he said:

I adopted the suggestions I had had from Mr. Hofmeyr about a differential rate, and said the greatest tie England could make with the Cape Colony was to return to the system of 1858 [i.e., preference to colonial products]. * * * The right course for the English people is to offer this colony some preferential tariff in regard to their wines over the wines of France and Spain and so give them a practical commercial advantage. 5

On June 29, 1893, in the Cape Parliament, Mr. Rhodes read a letter he had written to Sir William Harcourt, showing that the Cobden treaty had ruined the Cape wine industry, and urging closer commercial union between the mother country and her colonies, based on a system of reciprocal preferences.

EARLY TARIFFS OF OTHER SOUTH AFRICAN TERRITORIES.

The Transvaal and the Orange Free State were not possessed of seaports. Their chief industry was mining and as most of their foodstuffs and other necessaries were imported from overseas, their imports had to pass through the coast colonies. The tariff history of the Cape and of Natal up to 1898 is largely a story of competition with each other and with Portuguese East Africa for the transit trade to and from the inland Republics and for the opportunity of taxing the imports of these Republics as they passed through the ports of coast colonies. Until 1888 the Cape and Natal insisted on retaining all the revenue thus obtained from the taxation of imports from overseas into the Transvaal and the Orange Free State. Until 1898 Natal, partly in order to retain as much as possible of this transit trade for her own ports, maintained her tariff on a low level. This exploitation by the coast colonies of their advantageous geographical position was a source of constant friction and ill-feeling in the relations of the Republics with the British colonies.

In the Orange Free State and the Transvaal the tariffs were low and with respect to many items were merely nominal. There were no domestic industries to protect and other sources of revenue were more conveniently available. In 1875 the Transvaal succeeded in negotiating a treaty with Portugal 6 which freed her from the customs exactions of the British coast colonies. This treaty provided for the free interchange of the products of the Transvaal and of Portuguese East Africa and limited to 3 per cent ad valorem the duties which Portuguese East Africa could impose on goods imported from overseas to enter the Transvaal via Lourenço Marques on Delagoa Bay. The

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completion of the railway from Delagoa Bay to the Transvaal further reduced its dependence on the British colonial ports. In order to divert traffic to this railway from the British, the Transvaal attempted to close the "drifts," or fords, over the rivers separating her from the British colonies to the south, and this added to the friction between them.

The discovery of the gold mines in the eighties brought an inrush of foreign population into the Transvaal, and in order to shift more of the burden of revenue to these newcomers ("Uitlanders"), who consumed imported products more largely than did the settled population, she substantially raised customs duties in the nineties.

**FIRST CUSTOMS UNION, 1889.**

As a result of a conference held at Bloemfontein in 1889, Cape Colony and the Orange Free State agreed to enter into a customs union to take effect in July, 1889. The convention provided for free trade in South African products between the two countries and for a uniform tariff on imports from outside the union. The Orange Free State was to secure on her own imports from overseas 75 per cent of the duties collected in the Cape.

An interesting point concerning this customs union is that it marks a divergence from the position taken by Great Britain with regard to colonial tariffs since her adoption of the policy of free trade. The convention, which received the sanction of the imperial authorities, permitted Cape Colony to differentiate in her tariff in favor of a foreign country, the Orange Free State, as against all other countries, British and foreign. The only other similar instance in the history of the British Empire, the reciprocity treaty of Canada with the United States, of 1854, came before the complete victory of free trade in England. On the other hand, it is to be noted that Cape Colony had been given representative government and a large measure of fiscal autonomy by the imperial authorities. Moreover, the commercial dependence of the Orange Free State on the ports of Cape Colony and the absence of any important exports from the Orange Free State which could compete in Cape Colony with the products of other countries were factors appearing to justify special treatment. Of even greater significance, however, was the inclusion later of the British Crown territories in the union, for with respect to them there were no local legislatures to whose wishes policy might require consideration to be given.

In the preamble to the convention it was stated that it was the wish of all parties that a general customs union should be established between all the colonies and States of South Africa. Natal and the Transvaal had been invited to join, but both had refused. Natal was unwilling to join because the Cape refused to admit Natal sugar free of duty under the union. The Transvaal refused because her treaty with Portuguese East Africa gave her relief outside of the union from the levy by the coast colonies of customs duties on her imports in transit from overseas, and because she had few exports for which a free market in the remainder of South Africa was of substantial advantage.

7 See p. 661. Newfoundland's concession on Greek currants and raisins (p. 735) is similar, but so limited as to be negligible.
In 1890, 1891, and 1892 protocols were added to the convention of 1889, admitting the British Crown territories of Bechuanaland, Basutoland, and the Bechuanaland Protectorate into the customs union. In 1889 a treaty was concluded between the Transvaal and the Orange Free State establishing reciprocal free trade.

**CUSTOMS UNION CONVENTIONS, 1896 AND 1898.**

The convention of 1889 remained substantially unchanged until 1896. In that year a customs conference was held at Bloemfontein to consider the establishment of a general South African customs union. The Transvaal was not represented, while Mozambique decided that it could not be represented unless the Transvaal took part in the conference. Natal eventually withdrew, and the conference led only to an amendment of the convention of 1889, providing for a complete revision of the tariff.

In 1898 another conference was held at which Cape Colony, the Orange Free State, and Natal were represented with the result that Natal agreed to enter the customs union.

II. **Establishment and Growth of British Preference, 1903-1910.**

**British Preference Established by Customs Convention of 1903.**

In May, 1903, another customs conference was held. In the period between the conference of 1898 and that of 1903 the South African War had been fought and the Transvaal and Orange Free State, now Orange River Colony, had become British Crown colonies with Lord Milner as governor of both. The conference was presided over by Milner and was attended by delegates from Cape Colony, Natal, Orange River Colony, the Transvaal, Southern Rhodesia, and the British Crown territories. All of the colonies represented agreed to enter into a customs union providing for the free interchange of each other's products and for a common tariff on foreign imports.

The conference agreed to incorporate in the customs union tariff the principle of preference to imports from Great Britain and from reciprocating British colonies. Milner's was the outstanding influence in securing the assent of the delegates to the principle of British preference, and it was only through earnest and persistent efforts that he was finally successful. In Cape Colony there was strong opposition both from the Dutch party and from those who feared that the establishment of British preference in South Africa would result in retaliation by Germany against Cape wools, of which she was an important purchaser. It was pointed out in opposition to the proposals that the bulk of the imports into South Africa was already British, and that tariff discrimination in favor of Great Britain could not therefore appreciably change the direction of trade. The preferential reduction of duties, on the other hand, so it was argued, would involve a serious loss to the colonial revenues without a compensatory benefit to the consumers.

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Of the authorities in London, only Joseph Chamberlain gave active support to Milner, and many were in open or tacit opposition. Chamberlain, indeed, suggested that the acceptance of preference by the Dutch at the Cape would be a test of their loyalty to the Empire, but Milner found reason to complain of inadequate support for his project from London. On March 17, 1903, just after Chamberlain's return from South Africa, Milner sent him a telegram to enlist his further support in inducing the British Government to support the project:

I am rather alarmed at the apparent complete indifference at home to the proposed adoption by South Africa of preference to British goods. Our difficulty was the Cape, which feared German reprisals against its large wool export to Germany. Now our telegrams from Europe speak only of dissatisfaction and threats in Germany. England seems absolutely indifferent. It is, I know, too much to expect that England should protect her colonies against being punished by foreign nations for going out of the way to do Great Britain a good turn. But they do expect some decided marks of appreciation. Any reciprocal advantage, however small, or even the hope of it some day would encourage the sentiment here which is very strong but will not live permanently on nothing. At present there are no South African exports to Great Britain which are taxed, therefore reciprocity is impossible. But I believe it would be quite sufficient if something, however slight, was done for Canada. This would recognize the principle of reciprocity, and South Africa might hope to benefit from that some day. But it is not really the small and hypothetical advantages which anybody worries about but proof that England cares.

At the conference itself there was considerable opposition to the policy, chiefly from the Cape delegates. Natal was favorably inclined toward the proposals. Milner, as administrator of the Transvaal and the Orange River Colony, controlled the appointment of their delegates. The British officials governing Rhodesia on behalf of the British South Africa Co. supported the policy. The Crown territories, Basutoland, Swaziland, and the Bechuanaland Protectorate were committed to it by their administrator, Lord Milner. The colonies represented at the conference, Cape Colony, the Transvaal, the Orange Free State, Natal, and Southern Rhodesia, each had one vote, although Cape Colony had a white population of 550,000, Natal of only 95,000, and Southern Rhodesia of only 12,000. Only the Cape and Natal had responsible government at the time, and the Cape delegates, representing more than half of the total white population of British South Africa, came to the conference publicly pledged to their Parliament not to agree to any proposals for a preferential tariff.

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12 The Economist (London), July 4, 1903, p. 1169.
13 Canada had granted a preference to British products in 1897.
15 Evans, Samuel: Op. cit., p. 96. A majority of the white population of British South Africa were of Dutch origin and were generally opposed to one-sided preference to British imports. The list of delegates at the conference, given below, shows the extent to which the Dutch were underrepresented.

SOUTH AFRICAN CONFERENCE, 1903.

President, Viscount Milner, High Commissioner.


When the customs convention was debated in the Cape Parliament in June, 1903, the delegates declared that they were forced to accept the proposal for British preference, as otherwise the Cape would have been "isolated and shut out of her main market, the Transvaal." Nevertheless the preference proposals were carried in the Cape House of Assembly only by the casting vote of the speaker, and in the Legislative Council only by the casting vote of the president.\(^{16}\)

The preferential provision in the Customs Convention of 1903.

The provision of the convention relating to British preference stipulated that a rebate of customs duties should be granted to imports from the United Kingdom of British products to the extent of 25 per cent of the general duties specified in the convention on articles made subject to ad valorem duties, unless the duties specified were 2\(\frac{3}{4}\) per cent ad valorem, when the entire duty was to be remitted on British goods. No preference was granted on articles subject to specific duties or enumerated in the free list. But the committee appointed to draft the new tariff was instructed to give special attention, in reviewing the free list and the list of articles subject to specific duties in the customs convention then in force, to the expedience of transferring items from these lists to the lists of articles subject to ad valorem rates, "with a view to giving a benefit to British trade."\(^{17}\)

The conference also passed the following resolution supporting the Chamberlain policy of intra-imperial preference:

That this conference recognizes that in the present circumstances it is not practicable to adopt a general system of free trade as between the mother country and the Overseas British Dominions, but recommends that if, in the course of time, an export trade from South Africa should be developed, the governments of the various colonies of South Africa should respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the colonies either by exemption from or reduction of duties now or hereafter imposed.\(^{18}\)

### Table 1

Articles on which a preference of 25 per cent of the duties was granted and the general rates of duty thereon.\(^{19}\)

<table>
<thead>
<tr>
<th>Article</th>
<th>Per cent ad valorem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles, and parts of, but not including traction engines and power lorries</td>
<td>5</td>
</tr>
<tr>
<td>Bicycles and parts</td>
<td>12(\frac{3}{4})</td>
</tr>
<tr>
<td>Carriages, carts, wagons, etc., and parts of</td>
<td>12(\frac{3}{4})</td>
</tr>
<tr>
<td>Coats made of blanketings or bairze, of cotton or wool</td>
<td></td>
</tr>
<tr>
<td>Shawls</td>
<td></td>
</tr>
<tr>
<td>Fireworks</td>
<td></td>
</tr>
<tr>
<td>Playing cards</td>
<td></td>
</tr>
<tr>
<td>Fancy confectionary</td>
<td></td>
</tr>
<tr>
<td>Flavoring extracts and extracts for perfumery</td>
<td>25</td>
</tr>
<tr>
<td>Medicines, patent or proprietary</td>
<td></td>
</tr>
<tr>
<td>Oils, essential or perfumed</td>
<td></td>
</tr>
<tr>
<td>Perfumery, cosmetics, dyes, powders, soap, and other toilet preparations, and soap powders and extracts</td>
<td>10</td>
</tr>
<tr>
<td>All other articles, not charged with duty elsewhere in the convention and not enumerated in the free list</td>
<td></td>
</tr>
</tbody>
</table>

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\(^{16}\)Pulsford, E.: Commerce and the Empire, 1914 and After, 1917, pp. 147, 148.


\(^{18}\)Ibid., p. 5.

The articles on which the general duty of 2½ per cent ad valorem was entirely rebated when of British origin comprised 27 tariff items of considerable importance, consisting largely of machinery and supplies for industrial use.

The decision as to whether any manufactured goods were entitled to the preference as "bona fide the manufacture of the United Kingdom" was entrusted to the minister of customs of the party to the convention immediately concerned.

The establishment of preference to British imports by the convention of 1903 marked the first instance, since the abolition in 1855 of the old colonial preferences to British products, of the sanction by the imperial authorities of the grant by colonies of tariff preference to British trade.\(^2\) It was a distinct and important departure by Great Britain from the policy otherwise uniformly followed since her adoption of free trade, not to permit British possessions under direct imperial control to differentiate in their tariff treatment between British and foreign products.

**The Customs Convention of 1903 Protective in Character.**

The new tariff was for the first time distinctly and avowedly protective in character. The committee appointed by the conference had been instructed to draw up a tariff that would afford "a due measure of protection \(*\ *\ *\) to the products and industries of South Africa," and the tariff agreed upon was in accordance with this principle. In general it was a compromise between the tariff of the existing customs union and that of the Transvaal. It had been the practice in Cape Colony to levy higher through railway rates on the Cape railways on imports from overseas to the inland colonies than on Cape products, and this practice was maintained by the new convention, although in modified form. But the transit duties hitherto charged by the coast colonies on goods destined for the inland colonies were abolished. The former policy (followed during the period when Rhodes was dominant in Cape politics) of withholding tariff protection from manufacturing industries was definitely abandoned. Lord Milner was a protectionist and his views were decisive in shaping the policy of the Crown colonies, whose influence was thus thrown on the side of protection.

**Increase of Preference by Customs Convention of 1906.**

Another customs conference, held in 1906 at Pietermaritzburg, agreed upon a new convention which was later ratified by the several colonies. This provided for schedules of duties substantially higher than those imposed under the previous convention. The general ad valorem rate on goods not specially rated and not enumerated on the free list was raised from 10 per cent to 15 per cent.

The preference to British products was extended to many articles subject to specific duties and on these articles the rebate was made specific and varied from item to item. The principal preferential rebates on items in this schedule were 3 cents (1½d.) a gallon on ale and beer, 1 cent a pound on blasting powder, 30 cents a short ton

\(^2\) For a minor preference of the same date in the Federated Malay States, see p. 337.
on cement, 1 cent a pound on manufactured, unsweetened cocoa, 4 cents a hundred pounds on wheat, and 6 cents a hundred pounds on wheat flour, 4 cents a hundred pounds on hay, and 14 cents a hundred pounds on soap and soap powder.

On items subject to ad valorem duties the preference was made uniform at 3 per cent ad valorem, and on items subject to a general duty of 3 per cent ad valorem the entire duty was remitted on imports entitled to the preference.

For several items which had been subject to a preference of 25 per cent of the general duty and on which the general duty had exceeded 12 per cent ad valorem the new convention involved a reduction in the amount of the preference. As a whole, however, the convention of 1906, by extending the preference to a number of articles subject to specific duties and by increasing the preferential rebate on articles subject to ad valorem rates to 3 per cent ad valorem from 2½ per cent ad valorem, made a substantial increase in the extent of the preference granted to British imports. There was no important instance of the withdrawal of the preference from an item previously enjoying it. Of the 129 items enumerated in the tariff as subject to duty preference was withheld on only 16. In addition a preference of 3 per cent ad valorem was granted on the important class of articles not specially enumerated as subject to a specified duty and not enumerated in the free list, the general duty upon these articles being 15 per cent ad valorem and the preferential duty 12 per cent ad valorem.

This new convention, which came into effect July 1, 1906, carried the policy of tariff protection to domestic industries still further, and embodied in general an all-round increase in duties. With regard to the increase in the preference granted to British goods, it is again to be noted that of the colonies represented at the conference only Cape Colony and Natal had responsible government, and that the British Government through its officials in the Crown colonies had a majority of the votes in the conference. Although it continued and even extended the policy of granting preference to British imports, the conference unanimously passed a resolution indicating that the people of South Africa were not wholly in sympathy with the policy, at least in its one-sided form. The resolution was as follows:

That while the preference accorded to goods and articles the growth, produce, or manufacture of the United Kingdom in the tariff now agreed upon is accorded fully and without any condition as to reciprocal treatment on the part of the United Kingdom, the conference desires to record its opinion that the policy of preferential trade would be more acceptable to the people of South Africa if a reciprocal preference were accorded to their products in the tariff of the United Kingdom; and that, if such reciprocity were accorded, it is the opinion of this conference that the preference now accorded would be considerably increased.22

OPPOSITION TO PREFERENCE IN THE COLONIES.

There was considerable opposition in the South African colonies to the new convention, due to dissatisfaction both with the customs rates and with the continuance of the preference. The convention was eventually ratified, apparently because the only alternative was

21 2½ per cent ad valorem was the rate for this class in the convention of 1903.
the break-up of the customs union. Lord Selborne, who, upon the retirement of Lord Milner in 1905, became high commissioner for South Africa and governor of the Transvaal, wrote in his Federation Dispatch of January 7, 1907, that "the present customs convention does not represent a South African customs policy; it is a compromise between five colonial custom policies almost universally disliked, tolerated only because men shrink aghast from the consequences of a disruption of the convention."

"The tariff agreed upon," writes a student of South African tariff history, "was generally condemned by public bodies in the Transvaal and in the Orange Free State. It was imposed on the Transvaal by the vote of the official members of the nominated legislative council who argued that the tariff was of a temporary character, could be altered at the end of two years, and that the Transvaal had to accept it in order to avoid disruption of the customs union on the eve of the establishment of responsible government. All the unofficial members except one voted against the Government in the matter."

In the Cape House of Assembly, in the course of the debate on the new convention, a motion proposing that the Government give notice of abolition of all preferences or discriminating duties was defeated by 49 votes to 38, the votes for the motion coming almost wholly from Dutch members and the votes against from English members.

In the legislative council an amendment adding to the motion approving the convention, the reservation "though it regrets the inclusion in the said convention of the principle of preferential duties," was carried by 14 votes to 11. Mr. J. W. Sauer, at that time a member of the opposition party in the Cape Assembly, declared in a speech on April 10, 1907, that the majority of the electors were opposed to a policy of preference whereby they "gave a good deal and got nothing in return," and would vote it down if they were free from the entanglement of the customs union.

PROTOCOL OF 1908 TO CUSTOMS CONVENTION OF 1906.

There was considerable dissatisfaction in the Transvaal with the customs convention, owing chiefly to the import duties on foodstuffs imposed as protection to the Cape farmers. Early in 1908 the Transvaal, which by this time had been granted responsible government, threatened to withdraw from the customs union. An investigation of the tariff situation was made by a Transvaal commission in that year and in its report it made the following comment on the preference to British products:

In the course of the evidence the question of preferential treatment of Great Britain and reciprocating colonies was brought forward, and although the commission do not feel called upon to express any opinion upon the subject, yet they desire to point out that in most instances the benefit of the lower duty does not accrue to the manufacturer or seller on the other side but to the importer or the consumer here; so that it does not really constitute a grant to the former so much as a lower rate of duty to the taxpayer in this country and the abolition of the preference without a corresponding reduction of duties would mean increased taxation. The system perhaps would be better described as a surtax upon foreign goods rather than a preference in favor of British goods.

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24 Pulford, E.: Commerce and the Empire, 1914 and After, p. 149.
25 Ibid.
This statement indicates clearly enough the attitude of the Transvaal toward British preference. The Transvaal, in general, favored low duties, and the preference was welcomed, not so much, or perhaps not at all, as a favor to other parts of the Empire, but rather as in effect a reduction of the South African customs tariff.

The customs union also appointed a commission in this year to consider the tariff situation, and its report likewise made reference to British preference. In the opinion of the customs union commission the preference was ineffective. The commissioners found general opinion to be in favor of an increase of the preference from 3 per cent ad valorem to 5 per cent ad valorem. They suggested, however, that preference should be more scientifically allotted to the various commodities, and as a tariff revision board would be necessary to make the essential study upon which such revision should be based, they recommended that no all-round increase be made at that time. "Whether the preference be increased or not," the report went on to say, "the effect upon local industries will, of course, depend upon whether the duty, less the preference, is sufficient to afford protection, according to the requirements of each individual industry."38

In May, 1908, another customs conference was held in Pretoria, as a preliminary to political union, and later in the same year it was continued in Cape Town. As a result of the conference certain minor amendments and additions were embodied in a protocol to the customs convention of 1906 and the Transvaal was persuaded to remain in the customs union. The representatives of the Cape and the Orange River Colony opposed the continuance of preferential treatment to Great Britain, but the influence of Gen. Botha, and the general reluctance to interfere with existing arrangements pending the consideration of the question of closer union, saved the preferential provisions.39

The changes which were made affected the policy only to a slight degree. The preferences were canceled on saddles and on glucose; and cups, medals and trophies, and vegetable oils for manufacturing purposes, which were formerly free of duty from all sources, were made dutiable with a preferential rebate of 3 per cent ad valorem. On several other items the rates of duty were changed, but the amount of preferential rebate was maintained unaltered. This was the last customs union conference.

III. DEVELOPMENTS IN THE TARIFF SINCE 1910.

FORMATION OF THE UNION OF SOUTH AFRICA, 1910.

In 1909, a national convention was held to outline a plan for political union of the British South African colonies, and as a result of this convention on May 31, 1910, Cape Colony, Natal, the Transvaal, and the Orange Free State 30 were united to form one Dominion, the Union of South Africa. The Imperial South Africa Act, 1909, which laid down the conditions of union, stipulated that there should be

38 Natal, Report of the Customs Union Tariff Commission, Pietermaritzburg, 1908, pp. 41, 42.
30 Upon the formation of the Union the designation of the Orange River Colony was changed to the Province of the Orange Free State.
free trade throughout the Union, but that until the South African Parliament provided otherwise the tariffs in force at the establishment of the Union should stand. The convention appears to have given little time to the discussion of tariff matters. "With trade generally the convention was little concerned. 'Trade will look after itself if you let it alone,' seemed to be the feeling of those members experienced in commercial matters, and trade at any rate needed no special protection in the constitution." There was no discussion of British preference at the convention, and the only change in existing tariff arrangements which resulted from the establishment of political union was that subsequent commercial relations with Rhodesia and the native territories were determined by commercial agreements between the Union of South Africa and the governments of the colonies concerned. The territories of Basutoland and Swaziland and the Bechuanaland Protectorate remain by agreement in customs union with the Union of South Africa. The relations with Rhodesia are discussed elsewhere.

Prior to the meeting of the national convention to establish the political union of British South Africa in 1909, the Transvaal had completed negotiations for a 10 years' treaty with Portugal similar to the old arrangement. At the convention, Gen. Botha, on behalf of the Transvaal, insisted that the treaty was essential to the prosperity of the Transvaal and succeeded, although with difficulty, in securing the sanction of the representatives of the other colonies to the treaty, which became binding on the Union as a part of its constitution.

A further subsidiary agreement between the Transvaal and Mozambique, providing for the division of the Transvaal traffic between the ports of Delagoa Bay, Natal, and Cape Colony in specified proportions, also received formal recognition from the national convention. This agreement has been the source of continuous bickering and controversy in South Africa, but it is closely bound up with difficult questions of local and provincial politics, and is strongly supported by the Transvaal in spite of the protests by the Cape and Natal that it discriminates unfairly to the advantage of a foreign port and to the disadvantage of their own ports. Both the main agreement and the subsidiary agreement were to continue in effect until April 1, 1919, and thereafter subject to one year's notice of termination by either party.

**REVISION OF THE TARIFF, 1914–15.**

Until the establishment of the political union a change in the tariff required the consent of all the parties to the customs union, and because of the differing economic conditions in the several colonies this was difficult to obtain. After the Union was established the tariff could be revised by a simple act of the Union Parliament. Agitation for a revision of the tariff with a view to securing greater tariff protection for domestic industries developed, especially in the Cape, soon after the promulgation of the Union. The Government in 1912 appointed a "trade and industries commission" to investigate the tariff situation, and in its report the commission presented a draft proposal for a revision of the tariff providing in

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2 See p. 733.
general for higher duties. The commission took no definite stand with regard to the policy of British preference, but such itemized changes as it recommended were all for abolition, and the report was generally interpreted as being adverse to preference. In the following year a bill was drawn embodying the increased customs duties recommended by the Commission, but it met determined opposition, especially from chambers of commerce representing the mercantile interests and from the Transvaal representatives, and it was tabled. In 1914 some minor changes were made in the tariff schedules, including both reduction and increase of rates.

In 1915 a measure was introduced making a more extensive revision of duties and providing for higher rates. The most important change was the increase in the duties on articles not specially enumerated as subject to specified rates and not enumerated in the free list. In the customs convention of 1903 the rate of duty on articles in this class (tariff item No. 193 in the tariff law) had been 10 per cent ad valorem and in 1906 it had been raised to 15 per cent ad valorem. The revision of 1915 increased the rate to 20 per cent ad valorem. As comparatively few articles are specifically mentioned—there are only 193 items in the tariff law, including 47 items on the free list—this change in the rate was equivalent to a round increase of the tariff duties on a very wide range of commodities.

No substantial change was made in the provision for preference. In the case of goods liable to ad valorem rates the preferential rebate continued at 3 per cent ad valorem; the amount varied in the case of articles subject to specific duties, but the average of 3 per cent ad valorem fairly represents the general amount of preference granted on dutiable goods imported from Great Britain and subject to preferential rebate.

TARIFF LEGISLATION, 1915–1920.

Since the extensive revision of the whole schedule of 1915, when the general rate for all unenumerated articles was raised from 15 to 20 per cent, only minor changes have been made in the annual reenactments of the tariff law. In 1918 the Government committed itself to the policy of protection to domestic industries, especially to those which were developed under pressure of the war emergency. The announcement of the Government’s plans was followed, however, by critical comments from those who were opposed to any upward revision of the existing tariff, and no important tariff changes have been made. In fact in the tariff act of 1920 (No 44), the most noteworthy changes are the decrease in the “war” duty of 20 per cent on cloth and on cotton and woolen piece goods to the 15 per cent prewar duty of 1914, and the decrease on blankets, quilts, and clothing made of blanketings or baize from 25 to 20 per cent. Boots and shoes, and the whole class of unenumerated articles, remain dutiable at 20 per cent ad valorem, thus maintaining the war-time level. In 1921 the only important increases of duty are on beer, spirits, and tobacco; and the only important protective measure is the prohibition in May, 1921, of the importation of such leather footwear as competes with products of South African factories.33

33 Cf. editorials in the Cape Argus, Cape Town, Nov. 29, 1918, and the Cape Times, Cape Town, Nov. 30, 1918.
PRESENT POSITION OF PREFERENTIAL POLICY IN SOUTH AFRICA.

The intensified agitation for intra-imperial preference which was carried on in Great Britain during the war, and which finally culminated in the enactment by the British Parliament, in June, 1919, of tariff preferences on colonial products, met with little response in South Africa. The resolution of the imperial war conference in 1917 in favor of intra-imperial tariff and other commercial preferences was opposed by many persons, and there were indications that South Africa aligned herself with Premier Borden of Canada in his dissociation therefrom. Persons of British origin are in a minority in the European population of South Africa, and a campaign for extension of the preferential policy would excite the opposition of the Nationalist Party. This party, composed almost entirely of persons of Dutch descent but not by any means including all such persons, has opposed the existing British preference and has even advocated the entire separation of South Africa from the British Empire; and so much the more would an extension of the British preference excite their opposition. Even those who otherwise would favor British preference are disinclined, therefore, to bring the matter to the fore. At the same time it is to be noted that the Association of Chambers of Commerce of South Africa at their annual meeting in August, 1919, unanimously passed a resolution urging that the preferential rate to the United Kingdom be increased to a minimum of 5 per cent.34

PREFERENCES TO BRITISH TRADE IN ADDITION TO TARIFF REBATES.

The Customs Management Act of 1913 superseded the numerous laws previously in force in the various Provinces. It introduced two features novel to South Africa but modeled on existing Canadian legislation. These are, first, a provision that ad valorem duties on imports should be based on the fair market value for home consumption in the exporting country instead of on the invoice value, and second, a provision for extra duties on imports invoiced to the South African importer at less than their fair market value for home consumption in the exporting country. Although both of these provisions were intended primarily to safeguard domestic industries against dumping, it was expected that they would also operate incidentally as an advantage to the commerce of free trade countries, and especially of Great Britain. The president of the Association of Chambers of Commerce of South Africa in his opening address at the Congress held in September, 1913, at Kimberley, voiced this expectation, in referring to the "fair value for home consumption clause": "It will divert trade," he stated, "from protectionist countries, where only [i.e. alone] considerable differences between export and home consumption prices can exist, to countries having low tariffs or none, such as Great Britain, Holland, and Belgium.35

There have been some striking instances in British South Africa of the grant of preference to British trade at material cost to themselves by colonial and municipal official purchasing agencies. Cape

35 For a discussion of the similar provisions in Canadian customs legislation see Chapter on Preferential Tariffs in Canada, p. 719.
Colony in 1907, for example, deliberately paid a premium of $625,000 to enable British manufacturers to secure an order for $7,500,000 of railway rolling stock, which but for this action would have gone to a foreign country. Mr. T. W. Smartt, then commissioner of public works of Cape Colony, at the colonial conference of 1907 at London, stated that the agent general of the Colony had instructions to allow British manufacturers an advantage in their bids of 10 per cent in respect to tenders for railway material.\(^8\)

The Durban (Natal) municipal corporation in April, 1917, authorized the municipal storekeeper to give preference up to 10 per cent to goods produced and manufactured in the United Kingdom as against goods which might be procurable from the United States. On the initiative of this corporation many Natal municipalities and local boards made returns to the Durban body of those goods which in the past they had been accustomed to purchase from foreign countries. Wide publicity was given to these returns for the benefit of British manufacturers. "In any event," states the British and South African Export Gazette for March, 1917 (British), "manufacturers are assured after the war of the substantial preference indicated above, which should place them in an exceedingly favorable position with competing countries." \(^{57}\)

IV. OTHER TRADE ARRANGEMENTS OF BRITISH COLONIES IN SOUTH AFRICA.

PREFERENCE EXTENDED TO CANADA, 1904.

Article IV of the customs convention of 1903, under which preference to Great Britain was granted, provided that the preference could be extended to any British colony, protectorate, or possession granting "equivalent reciprocal privileges" to the colonies included in the South African Customs Union.

In 1904 Canada applied for admission of her goods at the preferential rates accorded to similar products from the United Kingdom and offered in exchange to extend the benefits of the Canadian preference to British South African products. As there were few commodities of South African origin for which there was an important market in Canada, South Africa did not consent to grant reciprocal preference until Canada agreed to admit South African wines below 26 per cent alcoholic content at the special rates accorded to French wines of such strength in the Franco-Canadian convention of 1894 and in addition to grant the same concession, namely, the remission of the 30 per cent ad valorem surtax above the specific duties, to South African wines of over 26 per cent alcoholic content. The arrangement came into effect in both countries on July 1, 1904.

EXTENSION OF PREFERENCE TO AUSTRALIA, 1906.

The imports of South Africa from Australia were in 1906 substantial in amount. The main items were butter, wheat, flour, leather, frozen and canned meat. Most of these were items subject

\(^{57}\) British and South African Export Gazette, March, 1917; cf., also Cape Town Chamber of Commerce Journal, April, 1917, p. 21.

to specific duties in the South African tariff, and to them the convention of 1903 did not extend preference. But the customs convention of 1906 did extend it to articles subject to specific duties, including most of the articles important in Australia's exports to South Africa, and this made the South African offer of the preferential rebates attractive to Australia. At this time Australia had not enacted any preferential legislation. But as a result of negotiations initiated by Australia an agreement was reached with the customs union, whereby Australia received the privilege of preferential treatment of her products upon importation into South Africa in exchange for the grant to South African products, including timber, fruits, feathers, maize, spirits, wines, sugar, and tobacco, of substantially lower rates of duty than those imposed by the Australian tariff on similar importations from any other source. The agreement came into effect in both countries on October 1, 1906.

The South African exports to Australia were few and unimportant both before and after the conclusion of the agreement, which was criticized in South Africa as being unduly favorable to Australia. In the Transvaal, however, the extension of the preference to Australian foodstuffs was received with approval, as a result of the hope that it would mitigate the effects of the import duties on wheat and flour inserted in the customs convention in order to safeguard the Transvaal market for the Cape farmers.

EXTENSION OF PREFERENCE TO NEW ZEALAND, 1906.

In 1906 South Africa and New Zealand negotiated an agreement whereby New Zealand granted South Africa special rates not extended to any other country on a number of its principal products in return for the extension of the South African preferential rates to imports from New Zealand. The arrangement stipulated that certain of the principal export products of South Africa should pay, upon their importation into New Zealand, specified rates lower than those in the New Zealand preferential tariff; and that all other South African products should pay rates lower by 25 per cent than those specified in the New Zealand preferential tariff. In 1909 this rebate on products not specially enumerated in the treaty was by mutual agreement changed from 25 per cent of the New Zealand preferential duty to 3 per cent ad valorem. In most instances this modification reduced the amount of preference enjoyed by South African products.

The amount of trade affected by the agreement was very small. The exports from South Africa to New Zealand in the years preceding the war never reached £10,000. The imports into South Africa from New Zealand were of greater importance, and in ordinary years generally exceeded £40,000.

The South African preference has been extended to no British colony or possession other than the three Dominions enumerated above. In each case South Africa would not consent to the extension of her preference until she had received special concessions not already provided for in the preferential legislation of the other

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38 For a qualification of this statement with regard to Rhodesia, see p. 757.
Dominions. With respect to both New Zealand and Australia the special concessions granted were retained as exclusive concessions to South African products, and in the case of Australia, South Africa was the first part of the British Empire to receive preferential treatment. The only special concession granted by Canada was extended, however, to the other British countries entitled to preferential treatment in Canada.

The success of South Africa in securing special concessions is the outstanding feature of these agreements. It is to be attributed mainly to two factors—the smallness both actual and potential of the South African exports to the other British self-governing Dominions, and the fact that both in Canada and in New Zealand the existing preferential schedules offered no concessions on products which South Africa exported in significant amount. Australia at the moment of her entrance into reciprocal tariff relations with South Africa had not yet incorporated preference in her tariff legislation. Her concessions to South Africa were therefore newly established and as a matter of general policy were withheld from all other British countries.

**Reciprocal Trade Arrangements Made by the Transvaal and Swaziland with Mozambique.**

The Transvaal in 1875 entered into a treaty with Portugal, acting on behalf of the Portuguese colony of Mozambique, whereby reciprocal free trade, with some minor exceptions, was established between the two countries and whereby the Transvaal was authorized to recruit native labor in Portuguese territory in return for an agreement to route a large portion of her external trade through the Portuguese port of Delagoa Bay. "The agreement had always excited violent opposition in South Africa, for it was felt that the Transvaal trade was being improperly diverted from the ports which had hitherto served it."39 Nevertheless when the British secured control of the Transvaal, it was found that native labor from Mozambique was essential to the Transvaal mining industry, and Lord Milner, the administrator of the Transvaal, on June 18, 1901, reluctantly entered into a modus vivendi with Portugal, reviving the agreement temporarily.40 In 1904 and 1908 the agreement was modified in some details. In the latter year Swaziland was made a party to the reciprocal free-trade arrangement.41

**V. Preferences in Rhodesia and South-West Africa.**

Prior to the establishment of the political union in 1910 the South African Customs Union included all the territories in British South Africa, except Northeastern Rhodesia.42 The customs union was terminated on June 30, 1910, but it was arranged under various agreements that the customs union tariff provided for in the convention of 1906, as amended in 1908,43 should, until altered by legislation enacted by the Union Government or by the administrations

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40 See chapter on the Colonial Tariff Policy of Portugal, p. 487.
41 Board of Trade Journal, Dec. 31, 1908, p. 465.
42 Northeastern Rhodesia lies in the "Conventional Basin of the Congo."
43 See p. 748.
of the various South African territories, continue in force through these territories. Basutoland, the Bechuanaaland Protectorate, and Swaziland have remained in customs union with the Union of South Africa, the British preference having effect in these territories in like manner as in the Union of South Africa. These territories are peopled mainly by native Africans. It is to be noted that, although they are colonies under the direct government of officials appointed by imperial authorities, the preference nevertheless receives the official sanction of the British Government.

PREFERENTIAL TARIFFS IN RHODESIA.

The territories now known as the Rhodesias were secured to British sovereignty, through the efforts of Cecil Rhodes, by treaties with native chiefs. In 1889 Rhodes obtained charters from the British Government, on behalf of the British South Africa Co., of which he was president, intrusting the company with the administration of the territories and granting it all railroad and mining concessions. The term "Rhodesia" originally covered the region in Central Africa immediately south of the Zambezi River, now known as Southern Rhodesia, and two territories north of the Zambezi, known as Northwestern Rhodesia (Barotseland) and Northeastern Rhodesia. In 1911, by an imperial order in council, Northeastern and Northwestern Rhodesia were united to form one territory, Northern Rhodesia. In Northern Rhodesia the population is almost wholly native African, but in Southern Rhodesia there are European settlers in some number.44

CECIL RHODES AND BRITISH PREFERENCE IN RHODESIA.

Cecil Rhodes was an ardent Imperialist, and strongly supported intra-imperial preference as a means of bringing the various portions of the Empire into closer union. In 1894, when a revision of the order in council under which the British South Africa Co. exercised jurisdiction in Rhodesia was under consideration, the imperial authorities suggested that there be inserted in the order in council a clause to the effect that the duty on imported goods should not exceed the Cape Colony tariff then in effect. Cecil Rhodes demanded that the restriction be placed only on the duties to be imposed on British imports. The Marquess of Ripon, then colonial secretary, rejected his proposal on the ground that it would be a violation of the principles governing the fiscal policy of the Empire. Rhodes, on January 18, 1895, while still prime minister of Cape Colony, protested vigorously against the action of the imperial authorities. In explanation of his desire that the words "imported goods" should be replaced by "British goods" in the clause limiting the maximum duties to be imposed in Rhodesia, he stated that the clause in the form proposed by the imperial authorities would be an obstacle to the policy of imperial preference if England should decide to adopt it any time in the future.45 It would also render it difficult for Rhodesia to secure entrance to a South African federation, such as Rhodes was contem-

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44 Estimated at 38,000 in 1919 out of a total population of about 510,000. Statesman's Year-Book, 1921, p. 204.
plating at the time," if Cape Colony or the federation should decide upon higher duties than those in force in Cape Colony in 1894.

"CLAUSE 47."

Orders in council of October 20, 1898, for Southern Rhodesia and November 28, 1899, for Northwestern Rhodesia (Barotseland), provided for the administration of Rhodesia. At this time the Boer War was being fought, and "unnoticed in the turmoil and excitement of the war," clauses, drafted by Rhodes, were inserted in the orders in council, limiting the maximum duties to be imposed in these territories upon goods of British origin. The clauses were identical in both orders in council. The clause in the Southern Rhodesia order in council, often referred to simply as "Clause 47," was as follows:

47. No customs duties levied on any articles produced or manufactured in any part of Her Majesty's Dominions or in any British protectorate and imported into Southern Rhodesia shall exceed in amount the duties levied on such articles according to the tariff in force in the South African Customs Union at the commencement of this order, or the tariff contained in the customs union convention concluded between the [Cape] Colony, the Orange Free State, and Natal, in May, 1898, whichever are the higher.

Mr. Rhodes, on July 20, 1899, speaking of his success in obtaining imperial sanction for his wording of the clause, declared that "the politics of the next hundred years are going to be tariffs and nothing else," and added, "Great Britain will have a perpetual market for her goods until the constitution of Rhodesia is changed, and you must remember there is one thing which human beings never change, and that is the sacred constitution on which their country is founded. * * * I feel sure that when federation in South Africa is arrived at, this idea of an upper limit for British goods will remain in the constitution of the federated States, and will be their return to the mother country for the blood and treasure she has spent in their behalf."*6

The customs convention of 1896 was in effect in Cape Colony on the date of commencement of the Southern Rhodesia order in council of 1898.49 Rhodes charged no import duties until 1899, but in that year both Southern and Northwestern Rhodesia adopted the Cape Colony tariff then in force. This was the customs convention of 1898, the rates of which on all imports were lower than those in effect under the convention of 1896. The maximum rates which could be imposed on British imports into Rhodesia were therefore those specified in the customs convention of 1896, and as the rates actually in force were not as high, there was no occasion during the continuance of the convention of 1898 for the invocation of Clause 47.

In 1903 Southern and Northwestern Rhodesia joined the South African Customs Union, and undertook to apply the new tariff drawn up at the customs conference of 1903. This tariff provided for preference to products imported from the United Kingdom into any portion of the Customs Union. The new tariff provided in general for lower rates than those previously in effect, and during the continuance of this tariff there was again no occasion for the application to imports of British goods of the limitation of duties stipulated in Clause 47.

46 Hensman, H.: History of Rhodesia, 1900, pp. 120, 121.
49 The convention of 1898 did not come into effect until Jan. 1, 1899.
In 1906 a new customs convention raised the rates of the customs union tariff sufficiently to make them higher on many items than the Cape tariff of 1896. The new convention continued the preference to imports from the United Kingdom and also to Canadian goods, but even the preferential rates were higher in many instances than the maximum rates permissible in Rhodesia, under Clause 47, on imports of British goods. Moreover Clause 47 limited the rates which could be imposed on goods coming not only from the United Kingdom or from reciprocating colonies, but from any portion of the British Empire. Customs ordinances were, therefore, issued granting rebates to all articles imported from British sources which came under the provisions of Clause 47. These rebates were made equal to the amount necessary to bring the rates on goods of the British Empire imported into Southern or Northwestern Rhodesia down to the level of the rates in the Cape tariff of 1896.\(^5^0\)

Under later customs agreements, namely, in 1910 and in 1914, between Rhodesia and the Union of South Africa, the provision for additional rebates to British goods imported into Rhodesia was continued.\(^5^0\) As the rates of the customs union tariff were increased at each revision, the amount of additional rebate necessary to bring the Rhodesian tariff into harmony with Clause 47 likewise increased.

In 1914, in order to protect the revenue productivity of the tariff, Clause 47 of the ordinance of 1898 was amended to exempt certain liquor and tobacco products from the limitation of duties stipulated in the original clause. In the customs agreement of January 1, 1915, with the Union of South Africa, it was stipulated that the Union should pay each year £58,000\(^5^1\) to Southern Rhodesia and £5,000 to Northern Rhodesia, from the duties collected in South Africa on raw materials imported into the Union, manufactured, and then exported to Rhodesia, and on articles imported into South Africa from overseas and subsequently reexported from open stock to Rhodesia. Permission was also granted to Rhodesia to make suspensions of duty, within specified limits, on a list of specified articles.\(^5^2\)

**PREFERENTIAL PROVISIONS OF THE RHODESIAN TARIFFS.**

Southern and Northwestern Rhodesia have identical tariffs. The tariff in force is that of the Union of South Africa, except for the modifications necessary to bring it into harmony with Clause 47, or resulting from the authorized suspensions of duty. The South African Customs Union has a tariff of two schedules, but Clause 47 necessitates in Rhodesia a tariff of three schedules. Schedule A is applicable to foreign goods and consists of the *general* rates of the South African Customs Union as modified by any suspensions of duty which may be in force in Rhodesia. Schedule C is applicable to products of any nonreciprocating British possessions and contains the same rates as Schedule A, except as lower rates may be in force by virtue of Clause 47. Schedule B is applicable to products of Great Britain and

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50 For Northwestern Rhodesia, see p.759.
51 By protocols to the agreement the amount payable has been increased, in the case of Southern Rhodesia, to £100,000, and in the case of Northern Rhodesia, to £10,000. The protocols also provide for increases in the duties that may be charged on imports into Rhodesia of spirits distilled in the Union of South Africa.
of reciprocating colonies and contains the preferential rates of the South African Customs Union, except as lower rates may be in force by virtue of clause 47. In no case is a preference granted to imports from any nonreciprocating colonies unless necessary to comply with Clause 47, and it follows from the applicability of that clause to the whole Empire that the rates of Schedule C can never be lower than those of Schedule B. In many cases, on the other hand, products imported from the United Kingdom or a reciprocating British colony enjoy a preference which is not extended even in part to imports from the rest of the Empire.

Table 2.—Sample rates taken from the present tariff as illustrations of the manner in which Clause 47 operates.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>Article.</td>
<td>3d. or 25 per cent, whichever is greater.</td>
<td>3d.</td>
</tr>
<tr>
<td>4</td>
<td>Beads, per pound</td>
<td>6d. or 25 per cent, whichever is greater.</td>
<td>Free.</td>
</tr>
<tr>
<td>53</td>
<td>Catalogues and advertising</td>
<td>25 per cent ad valorem.</td>
<td>Free.</td>
</tr>
<tr>
<td>material.</td>
<td></td>
<td>1s. 3d.</td>
<td>1s. 3d.</td>
</tr>
<tr>
<td>10</td>
<td>Cement for building purposes, per 400 pounds.</td>
<td>20 per cent ad valorem.</td>
<td>12½ per cent ad valorem.</td>
</tr>
<tr>
<td>54 (e)</td>
<td>Bicycles, tricycles, and parts.</td>
<td>12½ per cent ad valorem.</td>
<td>12½ per cent ad valorem.</td>
</tr>
</tbody>
</table>

1 British South Africa Co., Southern Rhodesia, Customs and Excise Handbooks, 1915, Pt. II, pp. 15, et seq. It should be remembered that in addition to these rates imports from other portions of the South African Customs Union, with some minor exceptions, enter free of duty.
2 Part.
3 Ordinance No. 6, 1916, of July 31, 1916, to amend ordinance of 1915.

CLAUSE 47 RESULTS IN SUBSTANTIAL INCREASE OF PREFERENCE.

In those cases in which since 1896 there have been substantial increases in the customs union tariffs, Clause 47 results in a substantial increase in the British preference. The principal instances of items in which the rate on British imports is considerably reduced because of Clause 47 are presented in the following table. The difference between the South African and the Rhodesian preferential rates measures the increase in preference resulting from Clause 47. In addition, it should be noted, the Rhodesian preferences cited in the table apply alike to all portions of the British Empire, whereas the South African preference is granted only to the United Kingdom and to reciprocating colonies.

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53 At present Canada, Australia, and New Zealand.
54 And except for suspensions of duty in Rhodesia.
### Table 3.—Rates under Rhodesian preference (Clause 47) compared with those under South African preference.

<table>
<thead>
<tr>
<th>Tariff Item</th>
<th>Article</th>
<th>On foreign goods, both countries</th>
<th>On British goods, South Africa</th>
<th>Rhodesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Beads, per pound</td>
<td>61d.</td>
<td>6d.</td>
<td>3d.</td>
</tr>
<tr>
<td>52</td>
<td>Boots and shoes</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>53</td>
<td>Printed matter, not including ruled paper</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>55(a)</td>
<td>Fruit juices, cordials, and sirups, not elsewhere enumerated</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>55(b)</td>
<td>All other kinds not exceeding 2 per cent of proof spirit</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>56</td>
<td>Moving-picture machines, phonographs, records, etc.</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>57</td>
<td>Biscuits, cakes, puddings, and pastry</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>58(b)</td>
<td>Padded quilts</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>59(a)</td>
<td>Fire bricks</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>59(b)</td>
<td>Other bricks, except bath</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>60</td>
<td>Clothing, bespoke</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>63</td>
<td>Glycerine, distilled, not in bulk</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>64</td>
<td>Gold and silver plate and gold and silver plated ware</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>65</td>
<td>Harness and saddlery</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>66</td>
<td>Jewelry (entire schedule), including watches, watchcases, etc., precious stones, etc.</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>67</td>
<td>Leather manufactures: Leggings, bags, trunks, portmanteaux, holdalls, belts, and gun cases</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>71</td>
<td>Tobacconist’s wares, including pipes, pouches, trays, jars, lighters, etc.</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Class VI</td>
<td>All goods not elsewhere charged with duty and not enumerated in the free list</td>
<td>65%</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

1 Free to 9 per cent ad valorem.

The usual preference in the Union tariff is only 3 per cent ad valorem. In the Cape tariff of 1896 few of the rates exceeded 9 per cent ad valorem and this was the rate for the important class of dutiable articles not separately enumerated. In the present Union tariff there are many rates as high as 25 per cent ad valorem and the rate on articles dutiable but not separately enumerated is 20 per cent ad valorem. The limitation by Clause 47 of the duties which may be imposed on products of the Empire imported into Rhodesia to the rates of the tariff of 1896 thus brings about a substantial increase in the Rhodesian preference. The Rhodesian preference, taken as a whole, appears to be the greatest preference granted to British trade anywhere in the Empire.

**NORTHEASTERN RHODESIA INCLUDED IN THE "CONVENTIONAL BASIN OF THE CONGO."**

Until 1911, Northwestern Rhodesia (Barotseland) and Northeastern Rhodesia were separately governed. Northwestern Rhodesia was not a member of the South African Customs Union, it had no provisions for British preference in the imperial orders in council providing for its administration, and it did not discriminate in its tariff between British and foreign goods. Great Britain is bound by the general act of the Conference of Berlin of February 26, 1885, to maintain the open door in Northeastern Rhodesia perpetually or until the general act of that conference is revised or abrogated by general consent of the powers adhering to it.\(^{55}\)

\(^{55}\) For the proposed revision of this treaty, maintaining the open door, see p. 120.
By an order in council of May 4, 1911, the two territories of Northeastern and Northwestern Rhodesia were amalgamated under the title of Northern Rhodesia. Northwestern Rhodesia remained as before in customs union with the Union of South Africa, but Northeastern Rhodesia, in accordance with the Conference of Berlin of 1885, remained outside the customs union and granted equal treatment to imports from all sources.

The present tariff in force for imports into Northeastern Rhodesia, known for tariff purposes as the Congo Basin of Rhodesia, is for the most part the same as the tariff in force in Southern Rhodesia on products of the United Kingdom and reciprocating colonies. In some instances, however, the rates in force in Northeastern Rhodesia are lower than those leviable on similar goods under the lowest schedule of the Southern Rhodesia tariff. This is in accordance with the Berlin Conference of 1885 as amended in 1890 and 1910, which limits to a maximum of 10 per cent ad valorem all import duties, except those on alcoholic liquors, gunpowder, guns, and pistols. The Congo Basin of North Rhodesia is the only part of British South Africa in which no British preference is in effect.

WALVIS BAY.

On the Atlantic coast of Africa and encircled by the territory of the South-West Africa Protectorate lies the British possession of Walvis or Walfish Bay, administratively a part of Cape Colony. Until 1921 this territory was administered as a free port, but the Customs and Excise Duties Amendment Act, 1921 (No. 35 of 1921), provided that, for customs purposes, Walvis Bay should be deemed to be a part of the mandated territory of South-West Africa, to which the tariff laws of the Union of South Africa apply. The same customs duties are therefore charged on imports into Walvis Bay as on imports into the Union of South Africa.

"THE SOUTH-WEST AFRICA PROTECTORATE" (MANDATED TERRITORY).

The South-West Africa Protectorate, formerly German Southwest Africa, has been assimilated for customs purposes to the Union of South Africa. It is discussed in the appendix to the chapter on "Colonial Tariff Policy of Germany," page 265.

VI. Summary.

Before the triumph in Great Britain of free trade, Cape Colony, the only British colony at that time in South Africa, received preference in the markets of the mother country and was required to grant in return preferential treatment to British imports. These preferences disappeared by 1855.

56 The Union Tariff Act of 1914 (No. 26 of 1914), under which Walvis Bay had been continued as a free port, provided as follows:
10. (1) Notwithstanding anything contained in this act or any other law, the customs duties prescribed by law in respect of the importation of goods into the Union shall not be payable in respect of goods imported into or through the port or settlement of Walvis Bay.
(2) The port or settlement of Walvis Bay shall be deemed to be a foreign port in respect of the importation therefrom or exportation thereto of all goods which are not grown, produced, or manufactured in the Union.
57 Sec. 27 (3). The act was published in the Union Gazette Extraordinary, July 7, 1921.
In 1889 a customs union was formed between Cape Colony and the Orange Free State, by which trade in South African products between the two countries became free and a uniform tariff was established on imports from outside the Union. The Orange Free State received on its own imports from overseas 75 per cent of the duties collected in the Cape. This was the first instance after the adoption by Great Britain of the policy of free trade of the sanction by the imperial authorities of a differentiation by a British colony in its tariff in favor of a foreign country as against all other countries, British and foreign. 58

In 1903, after unsuccessful attempts in 1896 and 1898, the British colonies in South Africa formed the South African Customs Union. The Union provided for free trade among the colonies, for a common tariff on foreign imports, and for preference to imports from Great Britain and from reciprocating British colonies. The preference amounted to 25 per cent of the general duties on articles subject to ad valorem duties, unless the duties specified were 2½ per cent ad valorem, when the entire duty was remitted on British goods. No preference was granted on articles subject to specific duties or included in the free list.

This preferential tariff, applicable to the Crown colonies included in the South African Customs Union, marked the first instance, since the abolition in 1855 of the old colonial preferences to British products, of the sanction by the imperial authorities of the grant by Crown colonies of tariff preference to British trade. It was a distinct and important departure by Great Britain from the policy otherwise uniformly followed since her adoption of free trade, not to permit British possessions under direct imperial control to differentiate in their tariff treatment between British and foreign products.

In 1906 the rates of the customs union tariff were considerably increased and preference to British products was extended to many articles subject to specific duties. On items subject to ad valorem duties the preference was made uniform at 3 per cent ad valorem (including items subject to the general duty of 3 per cent ad valorem, which thus became free under the preferential schedule). A few changes of minor importance were made in the tariff rates in 1908.

In 1910 the Union of South Africa was formed. The constitutional convention, however, gave little attention to tariff matters, and the act of the British Parliament creating the Union provided that until the South African Parliament determined otherwise, the tariffs in effect when the Union was established should continue in force.

In 1914 minor changes were made in the tariff, and in 1915 there was a more extensive revision with higher rates generally. The most important change increased to 20 per cent the duty on the numerous and important articles not specially mentioned in the tariff schedule or in the free list. The rate on these items had been 10 per cent under the tariff of 1903 and 15 per cent under the tariff of 1906. No substantial change was made in the preference. In 1920 several minor reductions in duties were made, but the duties

58 See pp. 661 and 735.
now in force are substantially the same as those established during the war.

Rhodesia, except Northeastern Rhodesia, which for tariff purposes is included in the "Conventional Basin of the Congo," not only grants preference to Great Britain and reciprocating Dominions as a part of the South African Customs Union, but extends in addition preferences upon certain products of any part of the Empire. Clauses of the orders in council providing for the administration of Rhodesia, which were drafted by Cecil Rhodes, founder of the colony, establish the rule that "no customs duties levied on any articles produced or manufactured in any part of Her Majesty’s Dominions or in any British protectorate and imported into Rhodesia shall exceed in amount the duties levied on such articles according to the tariff in force in the South African Customs Union at the commencement of this order, * * * ."

Taken as a whole, the Rhodesian preference appears to be the greatest preference granted to British trade anywhere in the Empire. But the preference granted to British products by the South African Customs Union (outside of Rhodesia) is considerably less than those of the other Dominions. This is due partly to the fact that the base rates are lower than for the other Dominions, but more largely to the opposition of the Dutch, chiefly, who strongly opposed the establishment of preference to British products and who have opposed any extension of the preference. Numerous attempts have been made since 1903 to reduce or abolish the preference, but doubtless this would involve a disruption of the customs union, a consequence not desired by any part of South Africa.

Besides the Rhodesian preference which was granted gratis to all other parts of the Empire, reciprocal trade arrangements were entered into by the South African Customs Union with Canada, in 1904, and with Australia and New Zealand in 1906. In each case South Africa extended her preferential tariff in return for special concessions by the other Dominion. Canada granted her preferential tariff and a further differential upon wines. The agreement with Australia, which had not yet adopted a preferential schedule, secured substantial reductions of duty upon a special list of South African products. New Zealand, where South African products already enjoyed the preferential tariff, conceded upon all South African products special rates lower than those of her preferential tariff.

The Transvaal and Swaziland have trade arrangements with the Portuguese colony of Mozambique. The agreement between the Transvaal and Mozambique, first made in 1875, provides for free interchange of products of the two colonies and permits the importation through Mozambique of goods destined for the Transvaal at customs rates much lower than those formerly charged by Natal and the Cape. In 1908 Swaziland was made a party to the reciprocal free trade arrangement.

(Bibliography on page 832.)
INTRODUCTION. 1

New Zealand was discovered by Tasman in 1642, but until 1823 European Governments did not dispute the authority of the Maori chiefs over the native and European inhabitants of the islands. But owing to "the lawlessness of the white settlers, the constant intertribal warfare, the shameless land grabbing, and an infamous trade in the curiously tattooed native heads," 2 the British Government, apparently with reluctance, was forced in 1823 to extend the sovereignty of the governors of New South Wales over all British subjects resident in New Zealand. France in like manner declared its sovereignty over French subjects in the islands. In response to the pleas of the missionaries and also because of fear that British inaction would be followed by French annexation of the islands, the imperial authorities in 1839 sent out Capt. Hobson to obtain the cession of the country from the native chiefs and to act as lieutenant governor. Early in 1840 Capt. Hobson succeeded in negotiating the treaty of Waitangi, by which complete sovereignty over New Zealand was transferred from the Maori chiefs to the British Crown.

I. Tariff History, 1840–1903.

BRITISH IMPERIAL PREFERENCE IN EARLY TARIFF.

From the signing of the treaty of Waitangi in 1840 to May 31, 1841, New Zealand was governed as a dependency of New South Wales, and customs duties were collected for revenue purposes

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1 This account is based in large part on the history of the tariff development of New Zealand given in the New Zealand Yearbook f.s. 1916, pp. 329 et seq.
under the New South Wales customs ordinance. In 1841 New Zealand was made a separate British Crown colony, independent of New South Wales, and the first governor, Capt. Hobson, proclaimed a new customs ordinance, New Zealand's first separate tariff. This tariff was intended solely for revenue purposes and contained only a few items. It is of interest because of the provisions it contained, in accordance with the colonial policy of Great Britain at that period, for preferences to British products. The rates were as follows:

<table>
<thead>
<tr>
<th>Article</th>
<th>Products of United Kingdom, of any British possession in America, or of New South Wales, or of Van Diemen's Land (i.e., Tasmania)</th>
<th>Products of all other countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirits or strong waters, per proof gallon</td>
<td>5s.</td>
<td>5s.</td>
</tr>
<tr>
<td>Wine</td>
<td>15 per cent.</td>
<td>9d.</td>
</tr>
<tr>
<td>Tobacco, unmanufactured, per pound</td>
<td>9d.</td>
<td>9d.</td>
</tr>
<tr>
<td>Tobacco, manufactured, except snuff, per pound</td>
<td>1s.</td>
<td>1s.</td>
</tr>
<tr>
<td>Cigars and snuff, per pound</td>
<td>2s.</td>
<td>2s.</td>
</tr>
<tr>
<td>Tea, sugar, flour, meal, wheat, rice, and other grain and pulse</td>
<td>5 per cent.</td>
<td>Free.</td>
</tr>
<tr>
<td>On all other goods</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In 1844 the duties were increased, and the preference to British products was abolished. In 1846 preference was again established by the imposition of duties of 12½ per cent ad valorem on all foreign unspecified goods and of only 10 per cent ad valorem on similar British goods, but this preference was soon repealed. The tariff of 1851, which contained a more elaborate scale of duties, made no provision for preference to British imports. In 1853 New Zealand was granted a parliamentary constitution and acquired practically complete control over her fiscal system.

NONPREFERENTIAL TARIFFS, 1853–1903.

The New Zealand tariffs, during the Crown colony period, were revenue measures. In the period of autonomy subsequent to 1853 there were many changes in the tariff. There were 15 different customs acts before 1895, and the five years 1878–1882 were each marked by revisions. On the whole, the tariff continued, throughout this period, to be mainly a revenue tariff, both in purpose and in effect, but most of the revisions consisted of increases in duties or of extensions of duty to articles formerly admitted free. In the later years of this period the protective effects of the duties became more readily apparent and were acknowledged by successive administrations without apology. A comprehensive revision in 1895 increased the number of ad valorem duties and considerably enlarged the scope.

1 New Zealand Yearbook, 1916, p. 329.
of various schedules so as to give specific enumeration to a number of new items. The duties on a number of foodstuffs were reduced, but otherwise the revision was marked chiefly by increases. In 1900 another tariff revision took place, marked by the same general tendencies of increases in duties, protection to domestic industries, and low or no duties on foodstuffs. Throughout this period, from 1853 to 1903, there were no preferential provisions in the tariff legislation of New Zealand.

**EARLY PROJECTS FOR INTERCOLONIAL PREFERENCE.**

The Australian colonies were prohibited by the original constitution acts enacted for them by the Imperial Parliament from establishing differential duties of any kind. In 1870, however, the New Zealand Legislature passed the colonial reciprocity act, authorizing the Government to make reciprocal agreements establishing mutual tariff concessions with the Australian colonies, including Tasmania, but royal assent was withheld and the act lapsed.

In response to repeated protests from the Australian colonies the Imperial Parliament passed, in 1873, the Australian Colonies Duties Act, granting to the British colonies in Australasia the right to establish trade reciprocity between themselves, but continuing the prohibition against preferential duties on goods imported from other than Australasian countries, regardless of whether they were British or foreign countries. New Zealand was included by this act among the colonies to which the Australian colonies could, if they had chosen, have granted the tariff preferences. The establishment of reciprocal preferential arrangements with the British colonies with which New Zealand was most closely connected, both geographically and commercially, was thus made possible. The constitutional restriction against the grant of intercolonial preference by the Australasian colonies to any other British colonies was finally removed by imperial statute in 1895, following upon the resolution of the colonial conference at Ottawa in 1894 urging such removal.

**THE MOVEMENT FOR PREFERENCE TO BRITISH PRODUCTS.**

The movement for imperial preference in New Zealand received its greatest stimulus from the colonial and imperial conferences. New Zealand took little part in the first colonial conference held in London in 1887, but at the colonial conference held at Ottawa in 1894 at the instance of Canada, the New Zealand representative gave his support to a resolution urging "that provision should be made by imperial legislation enabling the dependencies of the Empire to enter into agreements of commercial reciprocity, including the power of making differential tariffs with Great Britain or with one another." He did not, however, support another resolution which expressed the belief of the conference in the advisability of "a customs arrangement between Great Britain and her colonies by which trade within the Empire may be placed on a more favorable footing than that which is carried on with foreign countries," and further, "that until the

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*58 Victoria, Ch. 3. See p. 643.*
mother country can see her way to enter into a customs arrangement with her colonies, it is desirable that when empowered to do so, the colonies take steps to place each other's products, in whole or in part, on a more favored customs basis than is accorded to the like products of foreign countries." The New Zealand delegate voted against the resolution as he lacked definite instructions from his Government on the policy of imperial preference.

NEGOTIATIONS WITH SOUTH AUSTRALIA AND CANADA, 1895.

In 1895, shortly after the return of the New Zealand delegate from Ottawa, the New Zealand legislature passed a customs duties reciprocity act, empowering the Government to negotiate reciprocal arrangements with the Australian colonies and ratifying an agreement already negotiated with South Australia, whereby, in return for the free admission into New Zealand of South Australian wine, olive oil, fruit, and salt, similar exemption from duty was to be granted by South Australia to New Zealand barley, hops, oats, and horses. The bill to bring this agreement into effect in New Zealand was thrown out in the House of Representatives on October 28, 1895, by an adverse majority of 2 votes. On October 30, a new bill was passed, however, by a big majority. But the South Australian legislature refused to pass a similar measure, and consequently the agreement did not come into effect. In the same year Canada concluded an agreement with New Zealand, whereby, in return for Canadian concessions, New Zealand was to remit in whole or in part the duties on a number of products when imported from Canada. The New Zealand legislature refused, however, to ratify this agreement.

II. Preference Established, 1903.

MR. SEDDON AND THE PREFERENCE MOVEMENT.

The grant by Canada in 1897 of a preference to British products, the colonial conference at London in 1897, and the wave of "Empire" sentiment which swept the Empire during the Boer War and which was especially conspicuous in New Zealand were all factors helping to create in New Zealand a strong sentiment in favor of closer imperial relations. The chief spokesman for unity was Richard John Seddon, for many years premier of New Zealand. To him the British of the "old country" and the British of New Zealand were one and the same people, with the same interests and the same sympathies. He invariably spoke of British policies, British commerce, British problems as "our" policies, "our" commerce, and "our" problems, and when he quoted commercial statistics, as he often did in his speeches, it was sometimes difficult to ascertain whether he was referring to the commerce of Great Britain or to that of New Zealand, so close in his thought was the union between the affairs of the mother country and those of New Zealand. In the expression of these sentiments of the close unity of New Zealand and Great Britain and in his

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enthusiastic support of the projects of the British imperialists, Mr. Seddon probably represented accurately the feelings of the bulk of the population of New Zealand. New Zealand was generally considered the most "British" of the colonies.

Nevertheless Mr. Seddon did not disregard what he considered the interests of New Zealand. He was willing to follow Mr. Chamberlain a good distance along the preferential path, but he was not willing to support a plan for free trade within the Empire and a tariff only against foreign countries.

New Zealand had been settled almost wholly by British immigrants, mainly of urban origin, but migrating to New Zealand with the intention of settling on the land. The habits and attractions of city life proved too strong for many of them, however, and they gradually drifted into the New Zealand towns and exerted all their political influence to induce the Government to foster by tariff protection the development in New Zealand of the industries with which they were familiar, mainly the great staple industries of Great Britain, the woolen, clothing, boot and shoe, and machinery industries. They were in large part successful in securing tariff legislation of this character, and under fiscal protection there developed in New Zealand domestic manufacturing industries of some importance. Some opposition to protection came from the farming population, but the strength of their opposition was diminished by their feeling of rivalry with Australia, and more especially after 1903 by their resentment against the taxation of their agricultural products in the tariff of the new Commonwealth. Mr. Seddon was well aware of these conditions, and when the time came actually to propose a measure of British preference he so devised it that the British preference brought with it additional instead of less protection to domestic industry.

ENACTMENT OF PREFERENTIAL TARIFF, 1903.

Toward the end of 1903 Mr. Seddon introduced in the New Zealand Parliament a bill proposing to establish an initial measure of preference to British imports into New Zealand. The bill would establish preference on British imports for 38 items in the existing tariff law, not by reducing the rates of duty levied on British imports but by imposing additional duties on imports of the articles enumerated in the act when not the produce or manufacture of some part of the British Empire. On one item, cement, the "preferential surtax" was to be equal to the amount of the existing duty. On 27 items, of which the most important were bicycles, carriages, carts and wagons, fancy goods and toys, earthenware and stoneware, glassware, plate and plated ware, and wrapping paper, the surtax was to be equal to one-half of the amount of the existing duty, which in most cases was 20 per cent ad valorem. On nine items, which were free under the tariff then in force, duties of 20 per cent ad valorem were to be levied when they were imported from foreign countries; the principal articles in this group were gas and oil engines, certain specified iron manufactures, printing paper, and rails. On one item alone, tea in packages exceeding 1 pound in weight, was there a preferential remission of an existing duty in favor of British products. Unlike the Canadian

preference, the New Zealand preference was to apply immediately and unconditionally to all parts of the British Empire. (See p. 778.)

The bill, in addition to the provision described above for a tariff preference to imports from any part of the British Empire, proposed to authorize the Government to enter into reciprocal agreements with any part of the British Empire for the reciprocal reduction or remission of tariff duties to the extent that the revenue so remitted by New Zealand should equal as nearly as possible the remission by the other party to the agreement. Any such agreement, however, would be subject to ratification by the New Zealand Parliament. The bill also authorized the governor to negotiate similar agreements with foreign countries, "subject to a treaty with His Majesty" and subject also to parliamentary ratification.

There was little or no opposition, either in the New Zealand Parliament or in the Dominion at large, to the establishment of a preference on British imports. But there was some criticism of the character of the measure proposed by Mr. Seddon and of the motives alleged to be behind it. The agricultural sections of the population were inclined to oppose the grant of preference to British imports except upon receipt of a reciprocal preference from Great Britain. Labor, on the other hand, was adverse to any intimations that the grant of preference and its continuance would in any manner be conditional upon a change in the fiscal system of the mother country. The free traders were critical of any preference proposals which would establish preference by surtaxes instead of by rebates of duty and which were to be conditional upon reciprocity. But the general body of electors favored the idea of preference as a means of cementing the Empire. The Government firmly maintained its attitude, and it answered objections from the opposition that not enough preference was established by repeating its promise that more would be granted in the future. It won on a division by 50 votes against 16.

PROVISIONS FOR RECIPROCAL TRADE AGREEMENTS IN ACT OF 1903.

The provisions authorizing the governor to negotiate for reciprocal remissions of duty with British and with foreign countries are given below. It is to be noted that any reductions of duty on British imports established as the result of agreements negotiated in conformity with this act would be in addition to and outside of the general provision for preference to such imports. The provisions follow:

Where any country, being part of the British Dominions, reduces or abolishes, or proposes to reduce or abolish, the duty on any product or manufacture of New Zealand, the governor may enter into an agreement with that country to reduce or abolish the duty on any article or articles the produce or manufacture of such country to an extent that the estimated revenue so remitted shall equal as nearly as possible the estimated revenue remitted by that country: Provided, That no such agreement shall have effect until ratified by Parliament.

Where any country not being part of the British Dominions reduces or abolishes, or proposes to reduce or abolish, the duty on any product or manufacture of New Zealand, the governor may, subject to or by virtue of a treaty with His Majesty, negotiate with such country for an agreement to reduce or abolish the duty on any article or articles the produce or manufacture of such country to an extent that the estimated revenue so remitted shall equal as nearly as possible the estimated revenue remitted by that country: Provided, That such agreement shall not have effect or be operative until ratified by an act of the Parliament of New Zealand.

1 New Zealand Statutes, III Edw. VII (No. 78).

UNSUCCESSFUL NEGOTIATIONS WITH AUSTRALIA.

New Zealand in 1906 engaged in negotiations with a number of British colonies with a view to the negotiation of reciprocal agreements. As a result of an interview between Mr. Deakin, the premier of Australia, and Mr. Seddon, then premier of New Zealand, an understanding was reached with respect to a special preferential arrangement between these two Dominions. The concessions made by the two parties to the agreement were to be on identical commodities but were to differ in amount. New Zealand was to admit Australian flour and raw sugar free of duty and to grant substantial concessions of duty on a number of raw materials and foodstuffs the product of Australia. The principal additional articles on which New Zealand was to grant concessions were bacon and hams, butter, cheese, eggs, various fruits, grain, preserved milk, olive oil, kerosene, potatoes, refined sugar, and timber. Australia was to grant, in return, compensating reductions of duty on the same articles when imported into Australia from New Zealand. Similar importations from other British countries were not to receive the benefits of the concessions. The agreement was to remain in force for three years and thereafter for one year after notice of termination was given by either party. If either of the parties to the agreement should make any change in the tariff rates on any of the items enumerated in the agreement, the other party was to be free to terminate the agreement upon giving one year's notice.

The proposed agreement met with considerable opposition in New Zealand. Australia and New Zealand were alike in the nature of their products, and parts of the proposed arrangement were characterized as "shams" or "window dressing," because they provided for reciprocal concessions on articles in which there neither was nor was likely to be any trade of significant proportions. It was also claimed in both Dominions that the concessions were unequal. The Australian Parliament finally approved the agreement, but it met with opposition in New Zealand both from farmers and fruit growers and from those who feared that a considerable loss of revenue would result, and the New Zealand Parliament refused to ratify it.

THE NEW ZEALAND AND SOUTH AFRICAN CUSTOMS DUTIES RECIPROCITY ACT, 1906.

A provision in the tariff resolutions of the South African customs union, passed in 1903, authorized the government to extend the preferential rebate of duties on imports from the United Kingdom to the products of any other British country "granting equivalent reciprocal privileges."

The New Zealand preference on imports from all British countries was not deemed sufficient to warrant the extension to New Zealand of the South African preference, because none of South Africa's im-

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3 The text of the proposed agreement is given in Australia's Parliamentary Papers, No. 70, F 9514, 1906. The agreement is further analyzed in Ch. 17, p. 785.
4 The adoption by New Zealand and Austria of intermediate tariffs, and the application of New Zealand's general rates to products of Australia from Dec. 1, 1921 (see p. 778), will doubtless cause a renewal of negotiations.
important export products were included in New Zealand’s preferential tariff. New Zealand, in 1906, in order to obtain the advantages of this provision, negotiated a treaty with the South African customs union, whereby New Zealand, in return for the extension to her products of the South African preferential rates, agreed to grant, upon a special list of the principal export products of South Africa, specified rates lower than those in the New Zealand preferential tariff, and upon all other South African products rates lower by 25 per cent than the rates of the New Zealand preferential tariff. This agreement went into effect in both countries on July 1, 1907, and was to continue in force until terminated by the governor in council of either colony.

In the original Order in Council proclaiming the treaty in effect in New Zealand, the rates to be levied on South African products not included in the list of articles subject to special duties were stated to be, according to the treaty, “25 per cent less than the duties which would otherwise be payable” on South African products. The correct rate according to the terms of the treaty was “3 per cent (ad valorem) less than the duty which would otherwise be payable,” but the correction was not made until March 31, 1909.10

The following table presents a comparison, for the articles enumerated in the South African treaty, of the rates specified in the treaty and those imposed on British and on foreign imports by the tariff act of 1907:

| Table 2.—Comparison of rates of the tariff of 1907 with those of the treaty with South Africa. | Rates under tariff act of 1907.2 |
| --- | --- | --- |
| | Treaty rates on imports from South Africa.1 | On British Imports. | On foreign imports. |
| Feathers | 15 per cent ad valorem. | 25 per cent ad valorem. | 25 per cent ad valorem. |
| Fish: | | | |
| Dried, pickled, or salted, n. o. s. | 1d. per pound. | 10s. per hundredweight. | 15s. per hundredweight. |
| Potted and preserved | ...do... | 2d. per pound. | 3d. per pound. |
| Fruits, fresh | ...do... | ...do... | ...do... |
| Berries, lemons | ...do... | ...do... | ...do... |
| All other | 6d. per cental. | 1d. per pound. | 1d. per pound. |
| Maize | 1s. 6d. per cental. | 2d. 6d. per pound. | 3s. 6d. per pound. |
| Tobacco, manufactured | 1d. per pound. | 2d. per pound. | 2d. per pound. |
| Tea, not otherwise exempt | 5s. per gallon. | 9s. per gallon. | 9s. per gallon. |
| Wines, sparkling, containing not more than 40 per cent proof spirit. | 2s. per gallon. | ...do... | ...do... |
| Containing over 40 per cent proof spirit. | ...do... | ...do... | ...do... |
| All other goods, except spirits | 3 per cent ad valorem less than the duty which would otherwise be payable. | Various. | Various. |

1 New Zealand Yearbook, 1908, p. 135.  
2 Ibid., pp. 105, ff.

The agreement also provided that if either of the contracting parties should discriminate in its taxes between locally manufactured spirits and imported spirits, the manufactured spirits of the other

10 New Zealand Gazette, Apr. 15, 1909.
contracting party should be admitted at a rate of duty equal to the excise payable on the locally manufactured spirits.

The concessions made by New Zealand to South Africa were not extended to any other country, British or foreign.

The New Zealand tariff act of 1907, which came into effect on July 17, 1907, reduced or remitted the duties on several of the items on which concessions had been made by the treaty with respect to imports from South Africa. Section 7 of the act provided, however, that no higher duty should be levied on any of the products of South Africa because of the treaty than would be levied under the new tariff act on the same products if they were the produce or manufacture of some other part of the British Dominions.

UNSUCCESSFUL NEGOTIATIONS WITH CANADA.

Canada, on February 26, 1904, extended to the products of New Zealand the privilege of admission at the rates of her preferential tariff in return for the establishment by New Zealand in the preceding year of a preference on imports from all British Dominions. The Canadian Government made several attempts, especially during the years 1906 and 1907, when the New Zealand tariff was undergoing revision, to negotiate a special reciprocal arrangement, similar in character to the one negotiated in 1906 between New Zealand and South Africa, but the efforts of the Canadian representatives were unsuccessful.

IV. DEVELOPMENTS IN THE TARIFF SINCE 1907.

PREFERENCE EXTENDED BY TARIFF ACT OF 1907.

In 1907 the Government introduced a bill providing for a comprehensive revision of the tariff and for a substantial addition to the list of items on which preference was granted to products of the Empire. The proposals of the Government were criticized, as in 1903, on the ground that they provided for additional taxation. A number of members of the opposition asserted that if it was really the desire of the Government to confer a benefit upon the British manufacturers, it should provide for a reduction of duties on their products instead of proposing additional taxation upon the products of foreign countries.

The Government in drawing up its proposals for an extension of the British preference kept in view both the need of New Zealand's manufacturing industries for protection against British products and the possibility that additional installments by the colonies of preference to British products would induce the Imperial Government to reciprocate by establishing preference on colonial products. The statement of Mr. Millar, the minister of trade and customs, in closing the debate for the Government, clearly indicates that the Government had taken both these considerations into account.

"I do not believe," Mr. Millar said, "that this preference is only superficial. I have said we are prepared to give preference to the British manufacturers to the extent mentioned here; and we believe that in time the old country will see that if she wishes to build that
Empire up and keep it as strong as we all desire it to be she will have to consider the products of her colonies.\textsuperscript{11}

The Government bill was passed by Parliament without serious opposition on September 25, 1907, but the act had come into effect provisionally on July 17. By the act of 1907 the number of tariff items with respect to which surtaxes were imposed upon imports from foreign countries was increased from the 38 items so provided for in the act of 1903 to 194 items. Of these, one item, Portland cement, as in 1903, was subject to a surtax of 100 per cent of the duty when imported from foreign countries; 111 items carried a surtax of 50 per cent of the duties on British imports; 33 items carried a surtax of 20 per cent of the duties on British imports; 14 items, which were free of duty when imported from British countries, carried a surtax of 20 per cent ad valorem when imported from foreign countries; 34 items, of which 5 were dutiable at 5 per cent ad valorem and of which the remainder were free, when imported from British countries, were subjected to duties of 10 per cent ad valorem when imported from foreign countries; and tea in packages of 5 pounds or over, which was free when imported from British countries, was subject to a tax of 2d. per pound when imported from foreign countries. As there were 497 items in the general tariff, preference was granted on approximately two-fifths of the items enumerated in the tariff. Of the 33 items on which preference had been established in 1903, the act of 1907 continued the preference on 30, generally in unchanged amount, and repealed the preference on 8, including automobiles, window glass, and surgical instruments.

CHANGES IN PREFERENTIAL SCHEDULE, 1915.

In 1915, in order to help meet the war expenses, a number of changes were made in the tariff, including several changes in the preferential schedule. The duty on bicycles from British countries was reduced from 20 per cent ad valorem to 10 per cent ad valorem, and the duty on foreign bicycles was reduced from 30 per cent ad valorem to 15 per cent ad valorem. Gas and oil engines, which, under the tariff of 1907 were free of duty when of British origin and subject to a duty of 20 per cent ad valorem when of foreign origin, were made subject to a duty of 10 per cent ad valorem when of British origin, remaining at 20 per cent ad valorem when of foreign origin. On the other hand, the preference on electric motors and transformers was increased from 5 to 10 per cent ad valorem, and on motor cars the preference was reestablished, the rates being 10 per cent ad valorem on British imports and 10 per cent ad valorem on imports from all other sources.

The two instances in the revision of 1915 of a reduction in the amount of the British preference met with some criticism in the Dominion. It was urged by some New Zealanders that the revision was unduly favorable to United States trade, and, indeed, there appears reason to believe that the desire to increase trade with America played a part in determining the character of the revision. The remission of duties on wool and meat by the United States

\textsuperscript{11} New Zealand Parliamentary Debates (Sept. 17, 1907), vol. 140, p. 968.
tariff act of 1913 was appreciated in New Zealand, and gave rise to hopes that the United States, which hitherto had imported very little from New Zealand, would become an important market for New Zealand products. The reductions of the preferences on bicycles and on gas and oil engines were a recompense for the remission by the United States of the duties on wool and mutton.

PREFERENCE EXTENDED BY THE FINANCE ACT, 1917.

The finance act of 1917, as part of the scheme of additional war taxation, provided for increased duties on a number of commodities. The duties on alcoholic drinks and tobacco, which had always yielded a large fraction of the customs revenue, were substantially increased, but no preferential surtaxes were levied on these commodities. The chief change in the preferential schedule made by the act was the imposition of surtaxes of from 10 to 20 per cent ad valorem on the principal items in the textile schedule comprising such items as textile piece goods, lace and laces, ribbons, haberdashery, ready-made clothing, hosiery, hats of all kinds, millinery, and textile yarns, none of which had previously been subject to a surtax upon importation from foreign countries.

TARIFF OUTLOOK IN NEW ZEALAND.

During the war considerable attention was devoted to the question of the postwar tariff and trade relations of New Zealand, but beyond the enactment in 1915 of a law to come into effect automatically immediately upon the declaration of peace, imposing a surtax of 50 per cent ad valorem, in addition to all other duties otherwise imposed, on imports from Germany, no change was made in the existing tariff policy.

There was a strong feeling in New Zealand, stimulated somewhat by the publication of the resolutions of the Paris Economic Conference of 1916, that the policy of imperial preference should be extended and that the Allies should receive more favorable treatment than ex-enemy countries or neutrals. The reduction or remission of duties by the United States on a number of the important export products of New Zealand in the tariff act of 1913, the increased exports to the United States which resulted from this and other causes, and the general belief in New Zealand that the United States would in the near future become a much more important market for New Zealand exports than she had hitherto been, and, finally, the entrance of the United States into the war against the Central Powers stimulated the development of closer tariff relations with the United States and led to some discussion of the possibility of the two countries negotiating a reciprocal tariff agreement.

At a conference of the chambers of commerce of New Zealand, held in Wellington November 28 and 29, 1917, the following resolutions, dealing with preferential treatment with regard to tariffs, shipping, and contracts, were adopted, only one member voting in opposition:

That with a view to encouraging the establishment of new industries in the British Empire and giving a measure of confidence and security to capital to be embarked therein, as well as assisting the expansion of existing industries, the governments of
the Empire be urged to make it obligatory on all Government departments, municipalities, railways, dock and harbor boards, gas, water, and electric light corporations, and all such bodies spending public moneys, or enjoying charters from the Government or other public authorities, to purchase Empire-made goods, and to place all contracts with British firms, exceptions to be made by the special permission of the proper authority only in cases where such a course is considered to be at variance with the public interests.

That in any negotiations for peace between the Allies and the Central Powers the enemy Governments be compelled to make compensation for the ships illegally destroyed, ship for ship or ton for ton. 12

On May 22, 1918, Mr. Arthur Myers, the minister of customs, stated that the Government intended to revise the tariff as soon as a favorable opportunity presented itself, and made a statement with regard to New Zealand's trade and tariff policy, reported by a Wellington newspaper as follows: 13

New Zealand's policy with regard to trade, the minister pointed out, had always been a clearly defined one. To put it shortly, that policy had always been the encouragement of our own industries within the Dominion and the fostering of economic relationships with the Empire. After the war, of course, the imperial policy of inter-reciprocal trading now taking definite shape by means of discussions between representatives of the whole Empire at the periodical conferences and imperial cabinets would eventually become an established fact; and the course to be followed by New Zealand at that time would only be an extension of that policy of imperial preference, of which she had always been a warm advocate, with the additional proviso that, next in preference to our own Empire, there should be an effort made to swell the volume of trade with the * * * Allies * * *.

Early in 1919 it was officially stated that a tariff revision would be taken up during or soon after the 1920 session of Parliament, but legislative action still waits on the convening of Parliament in 1921. Apparently the Government is seeking to take advantage of all the factors in changing trade conditions. In November, 1920, Mr. Massey reiterated the general intention of his administration to extend imperial and intercolonial preference. He particularly mentioned his willingness to negotiate a reciprocal tariff arrangement with Australia at any time. 14 For legislation of November, 1921, see page 778.

OTHER PREFERENCES TO BRITISH IMPORTS.

There are several features in the legislation of New Zealand and its municipalities which promote, under certain circumstances, the establishment of preferences to British trade outside of or in addition to the preferences regularly established in the tariff acts of the colony. The customs act, 1908, which lays down the rules for the administration of the customs, contains a provision authorizing the governor general, when it appears to him that British ships and shipping are being discriminated against unfairly, to retaliate by imposing prohibitions, restrictions, or additional duties on imports in the

13 The conference also recommended that a lower scale of tonnage dues and port charges should apply in all British ports to British-owned vessels, that privileges in British ports should be accorded to allied and neutral shipping equivalent only to corresponding privileges accorded British shipping by allied and neutral countries, that enemy shipping should pay in British ports at least double the dues paid by any other shipping, and, finally, that the Government should, by legislation, empower harbor board authorities in the Dominion to impose differential rates of tonnage, dock and wharf dues, and port charges.
14 The Dominion, Wellington, New Zealand, May 23, 1918.
15 New Zealand Herald, Auckland, Nov. 29, 1920.
vessels of the country sanctioning such discriminations, provided, however, that no treaty obligations would be violated thereby.\textsuperscript{15}

A steamship operating between Auckland, New Zealand, and Vancouver, British Columbia, is subsidized by the Governments of both New Zealand and Canada on condition that preference is given, in assigning freight space, to the products of the two Dominions.

One other form of preference, although not statutory, is deserving of mention. It appears that several of the more important local governing bodies in New Zealand make it a practice in considering tenders for important public works not to accept the offers of non-British companies, even though their bids are lower than those received from British concerns. The Wellington harbor board has been especially noted for its adherence to this practice.\textsuperscript{16}

\section*{REGULATIONS RESPECTING DEPRECIATED CURRENCIES.}

Throughout the war period\textsuperscript{17} the basis of conversion of foreign currencies continued to be "the officially fixed standard rates which (except for British India) may be regarded as equivalent to nominal prewar commercial rates."\textsuperscript{18} A customs ruling which was promulgated on June 24, 1920, provided for the assessment of duties on imports from European countries with depreciated currencies on "home-consumption values converted at current bank rate of exchange instead of on a gold basis."\textsuperscript{19} It is now announced that on and after January 1, 1922, current rates of exchange will also be used in converting appreciated currencies.\textsuperscript{20}

\section*{V. DEPENDENCIES OF NEW ZEALAND.}

\section*{COOK ISLANDS.}

The Cook Islands\textsuperscript{21} were annexed to New Zealand on June 10, 1901, their status previously having been that of a British protectorate. The existing local governments in the islands were continued, but their ordinances were required to obtain the assent of the governor of New Zealand before becoming law. The Governor in Council of New Zealand was given power to direct that any of the laws in force in the islands at the time of annexation should be repealed or modified and also to apply to the islands any law in force in New Zealand, either in whole or with modifications, with the exception of

\textsuperscript{14} New Zealand customs act, 1908, secs. 204-206, not repealed by subsequent customs acts.
\textsuperscript{15} In 1905, in response to complaints from domestic and British manufacturers of agricultural implements that an American trust was dumping in the colony in order to destroy competition, an act was passed by the New Zealand Parliament authorizing, under certain conditions, the imposition of countervailing tariff duties on imports sold at an unfair price or the bonusing of domestic manufacturers to help them meet the unfair competition. The preferential feature of this legislation consisted in a provision that implements manufactured in the United Kingdom were to be treated as if made in New Zealand with regard to both the bonus and the countervailing duties. It is interesting to note that the same privilege was not extended to the agricultural-implement manufacturers of Canada. There does not appear to have been any instance of the application of this legislation, its presence on the statute books apparently having been sufficient to prevent a recurrence of the trade practices against which it was directed. (Cf. Scholfield, G. H.: New Zealand in Evolution, London, 1909, Ch. XXIII.) The act was repealed several years later.
\textsuperscript{16} Ibid., p. 323.
\textsuperscript{17} A change was announced to take effect on Feb. 1, 1920 (See Commerce Reports, Feb. 13, 1920, p. 908) but this regulation was cancelled, if the Board of Trade Journal is correct. (See B. T. J. Feb. 26, p. 311, and Mar. 25, 1920, p. 445.)
\textsuperscript{18} Board of Trade Journal, Feb. 26, 1920, p. 311.
\textsuperscript{19} Ibid., July 1, 1920, p. 21.
\textsuperscript{20} Commerce Reports, Sept. 26, 1921, p. 242.
\textsuperscript{21} The Cook Islands are the chief of widely scattered groups 1,000 to 1,500 miles northeast of New Zealand. The total area of these dependencies of New Zealand is about 280 square miles, with a population of about 15,000. The total trade in 1913 was $1,071,600 and in 1920 $1,314,000. (Commerce Reports, Apr. 11, 1921.)
the laws relating to alcoholic liquors. The tariff act then in force in New Zealand was applied to imports into the Cook Islands from countries other than New Zealand, but the governor of New Zealand was authorized to modify the tariff by Order in Council as applied to any of the Cook Islands.

The customs duties act of 1908 (sec. 11) authorized the governor to reduce or remit any of the duties imposed on imports into the Cook Islands by the New Zealand tariff act of 1907. It further provided for duties of ¾d. a pound on sugar and of 10 per cent ad valorem on cotton and on linen piece goods imported into the Cook Islands, whether from New Zealand or elsewhere, in addition to duties on such imports imposed elsewhere in the act.

In 1915 some changes were made in the constitution act of the Cook Islands. The office of secretary for the Cook Islands was created, and, subject to the control of the minister for the Cook Islands, this officer was made responsible for the administration of the islands. The local councils in the islands were empowered to make laws for their government, but with certain limitations, including the withholding from them of authority to deal with customs duties. The customs tariff of New Zealand continued in effect in the Cook Islands.

The New Zealand customs act of 1915 laid down the rules to govern the administration and imposition of duties in the Cook Islands. The act provided that all goods imported into the Cook Islands from New Zealand, whether the produce or manufacture of New Zealand or not, should be admitted free of duty unless special provision to the contrary was made elsewhere in the act. The following exceptions were enumerated:

1. Goods on which duty drawback had been claimed in New Zealand.
2. Goods which for any reason did not pay the duty customarily imposed in New Zealand.
3. Goods manufactured in bond in New Zealand unless they had been entered in New Zealand for home consumption, and duty (if any) duly paid thereon.
4. Goods subject to excise tax in New Zealand, unless excise tax had been paid thereon.
5. Duties were levied on imports into Cook Islands, whether from New Zealand or elsewhere, in addition to all other duties otherwise chargeable, as follows: On sugar, ¾d. per pound; on cotton piece goods (except calico), linen piece goods, and piece goods of mixed linen and cotton, 10 per cent ad valorem.

The governor was authorized by the customs act of 1915 as by the customs act of 1908 to reduce or remit any of the duties on imports into the Cook Islands. The act of 1915 (sec. 301) went further, however, by making provision that, in addition to the duties which were imposed on imports into the Cook Islands from foreign countries through the application of the New Zealand tariff to the Cook Islands, there should be chargeable on all goods imported into these islands from any place other than New Zealand and which, would, if imported into New Zealand, be admitted free of duty, such ad valorem duty, not exceeding 10 per cent, as the governor from time to time by Order in Council should determine. The new legislation of 1915 not only provided, therefore, for the continuation of the customs union between New Zealand and the Cook Islands, whereby a tariff prefer-
ence equal to the duties enumerated in the tariff of New Zealand was accorded to each in its trade with the other, but added a provision authorizing a preference to New Zealand in the Cook Islands on such products as were not subject to duty under the New Zealand tariff. The authority thus granted to the Governor in Council appears, however, never to have been exercised.

THE TERRITORY OF WESTERN SAMOA (MANDATED TERRITORY).

The territory of Western Samoa, formerly German Samoa, has been intrusted to New Zealand under a mandate according to the terms of the treaty of Versailles, 1919. It is discussed in the appendix to the chapter on "Colonial Tariff Policy of Germany, page 265."

VI. SUMMARY.

Although preference in favor of British imports was established in New Zealand shortly after it became a British colony in 1840, there were no preferential provisions in any of its tariffs from the time it obtained control of its fiscal system, in 1853, until 1903. Until the late years of that period the tariff was mainly a revenue tariff, but with the growth of the movement for protection there developed a sentiment in favor of preference to Empire products, and in 1903 an act was passed establishing preference in favor of imports from any part of the Empire on 38 items of the tariff then in force. The preference was granted by raising the rate of duty on the items enumerated in the act when imported from foreign countries, leaving unchanged the rate upon British products. The preferential rate was for the most part 33 1/3 per cent less than the full rate, but on 9 items, which had been free and which continued to be free under the preferential schedule, a duty of 20 per cent ad valorem was imposed under the general schedule.

In 1907 an act was passed increasing to 194 the number of items on which preference to Empire products was granted. The preferential reductions on British products were 33 1/3 per cent on 111 items and 16 2/3 per cent on 33 items. On 14 items, which were free when of Empire origin, a duty of 20 per cent ad valorem was levied when imported from foreign countries; on 34 items, of which 5 were dutiable at 5 per cent ad valorem and of which the remainder were free when imported from British countries, a duty of 10 per cent ad valorem was imposed when imported from foreign countries. Of the 38 items on which preference had been established in 1903, the act of 1907 continued the preference on 30, generally in unchanged amounts, and repealed the preference on 8 by making them free of duty from all sources.

In 1915, among other changes in tariff rates, were two increases and two equal decreases in the preferential rates. In 1917 the preference to Empire products was further enhanced by the imposition of surtaxes of from 10 to 20 per cent on the principal items in the textile schedule when imported from foreign countries. Thus, since the modest beginning of 1903 the preferences granted by New Zealand have twice been materially extended, and now about one-half of the tariff items have preferential rates, and of those which do
not about two-thirds are on the general free list.\(^{22}\) A further extension of the preference is foreshadowed. See addendum below.

New Zealand grants its preferential tariff to all products of the Empire, but because none of the important export products of South Africa were included in New Zealand’s preferential tariff, South Africa did not consider New Zealand’s preference an “equivalent reciprocal privilege” such as entitled products of New Zealand to the South African preferential rates. New Zealand, therefore, in 1906 negotiated for the extension to her products of the South African preferential rates, and agreed to grant upon a special list of the principal export products of South Africa specified rates lower than those of her preferential tariff, and upon all other South African products rates lower by 25 per cent than the rates of her preferential tariff. This agreement became effective in both countries on July 1, 1907. The concessions made by New Zealand to South Africa were not extended to any other country, British or foreign. New Zealand’s negotiations with Canada and Australia have, for various reasons, been without result.

*(Bibliography on page 832.)*

**ADDENDUM.**

On November 3, 1921, the Government introduced a new tariff bill which became provisionally effective at once and which passed the lower house on December 9 without substantial alterations. The new tariff raises some rates and lowers others, but its chief characteristic is the increase in the preferences accorded to British trade. The number of items upon which a preference is given is practically doubled, but the total number of items is increased by about one-third. The previous tariff contained 210 preferential items, the bill as introduced 367, and as passed 400 (according to a press dispatch) out of a total of 601 items. Upon the items upon which there was formerly a preference the rate of that preference has been generally increased by raising the rate upon non-British goods, so that the maximum rate in ordinary use in the New Zealand tariff is now 40 or 45 per cent instead of 37½ per cent ad valorem. Differentials in favor of British trade as great as 15 and 20 per cent ad valorem are much more numerous than before.

A special duty of 2½ per cent to 25 per cent ad valorem is levied upon products subject to protective or preferential tariff rates when these products come from countries which have depreciated currencies.

The new tariff law provides a schedule of intermediate rates to be used as a conventional or bargaining tariff. The intention is to use this tariff first of all to obtain concessions from Australia. The law provides that products of dominions which discriminate against New Zealand’s products (see p. 788) may be made subject to the rates of the general tariff, and by a resolution of the lower house this provision has been applied to products of Australia, effective December 1, 1921. The provision is applicable not only to Australian products, but to all goods dutiable under the preferential schedule (or under the intermediate schedule when that becomes effective) which reach New Zealand via Australia unless they come on a through bill of lading. (See Commerce Reports Dec. 5, 12, and 19; Journal of Commerce, Dec. 13; B. T. J., Nov. 24, Dec. 1; Times Trade Supplement, Dec. 3, 1921.)

\(^{22}\) The chief classes of articles which are free are foods, alcoholic beverages, drugs, leather, china, fancy goods, paper, timber, oils, and miscellaneous.
Chapter XVII.

PREFERENTIAL TARIFFS IN AUSTRALIA.

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I. Tariff Policies in Australia Prior to the Establishment of Preference in 1907.

Before the adoption by Great Britain of the policy of free trade and of uniform treatment of British and foreign goods throughout the Empire, the Australian colonies, like the other British colonies, enjoyed tariff preference for their products in Great Britain and were required by imperial legislation to grant in return preferential treatment to British imports, but with the abolition of the old colonial system in Great Britain and the extension of representative government to the Australian colonies came the elimination of all preferential provisions in their tariffs.

The tariff history of the Australian colonies from their establishment as self-governing colonies to their union as a federal commonwealth was marked by a succession of attempts to find a basis of agreement for some measure of customs harmony among themselves. During this period each colony developed its own fiscal and tariff
system. Within each colony there were differences of opinion with regard to the policy to be followed, but some of the colonies, Victoria conspicuously, were protectionist in sentiment and in their legislation, while others, New South Wales in particular, were under free-trade régimes. This difference in fiscal policies gave rise to the movement for some form of closer tariff organization of Australia and, at the same time, made the aim of the movement difficult of attainment. It is not necessary here to enter in any detail into the history of the many intercolonial conferences which were held. They failed each time to reach any tangible result, either because of the impossibility of reconciling the conflicting tariff policies of the colonies or because of the refusal of the imperial authorities to approve some of the plans mutually agreed upon by the colonies.

IMPERIAL OPPOSITION TO INTERCOLONIAL PREFERENCE.

The opposition of the imperial authorities to certain of the proposals of the Australian colonies is a demonstration of the scrupulous precautions which Great Britain took during the period of political ascendancy of the principles of the Manchester school of economic thought to prevent the slightest infraction either on her own part or by a colony under her control of the principle of nondiscrimination in tariffs.

As early as 1842 Lord Stanley, on the ground that this legislation proposed to establish differential duties, vetoed an act of New South Wales admitting free of duty the goods of New Zealand, which had just been separated from New South Wales as an independent colony. A Tasmania act of 1867 providing for intercolonial free trade with New Zealand was vetoed by the imperial authorities on similar grounds. In dispatches to the governor of New South Wales in 1868 and again in 1869 the colonial secretary took the position that the imperial authorities could not permit the establishment of differential duties in the Australian colonies in favor of each other, but he promised that sanction would be given for a customs union if the colonies could agree to establish it.

In 1870 an intercolonial conference was held at Melbourne, but the conflicting tariff policies of Victoria and New South Wales prevented agreement upon a customs union. The British acts granting constitutions to various Australian colonies contained provisions restraining colonies from establishing differential duties. The conference of 1870 passed a resolution requesting the imperial authorities to grant the right to establish intercolonial free trade. The reply of the colonial secretary, Lord Kimberley, to this resolution stated the objections of the Imperial Government to protective duties and to tariff discriminations, but promised imperial assent to any plan for customs union upon which the colonies could agree. The colonies persisted in their efforts to secure authority to establish intercolonial free trade, and, finally, in 1873, the British Government passed the Australian Colonies Duties Act, permitting full freedom to the Australian colonies with regard to their tariff relations with each other or with New Zealand, but, with this exception, continuing the prohibitions against differential duties on imports and against the violation of any British treaty guaranteeing the open door in Australia.
The freedom conferred by the act of 1873, so urgently sought, was never utilized, once it had been secured. Another intercolonial conference, held at Melbourne and Sydney in 1880 and 1881, failed once more to establish agreement upon a common tariff policy. The difficulties and inconveniences resulting from the differing tariff policies of the several colonies continued, and were especially irksome to the intercolonial border and transit trades. The allowance of bonding privileges for goods passing in transit from one colony through a second colony, and a liberal system of drawbacks for re-exports, mitigated, but did not wholly remove, the difficulties, and the hardships resulting from conflicting tariffs were an important factor in leading, in 1901, to the establishment of political union.\(^1\)

**FORMATION OF THE AUSTRALIAN COMMONWEALTH, 1900–1.**

In 1900 the Australian colonies finally reached a basis of agreement for political union and were joined to form a federation under the name of the Commonwealth of Australia. The chief obstacles in the way of agreement had been the conflicting tariff policies of the colonies, and the situation was complicated by the existence in many of the States of industries which had been established under the protection of tariff duties on imports and which the States concerned were determined to retain. But in the course of the protracted negotiations and conferences, a common basis of agreement was reached and the Commonwealth was launched. The Commonwealth was entrusted by the constitutional act creating it\(^2\) with the power of making laws with respect to "trading and commerce with other countries and among the States," taxation, and bounties on production or export. The act also provided that the collection and control of customs duties and of the payment of bounties should pass to the government of the Commonwealth, and that for a period of 10 years after the establishment of the Commonwealth, and thereafter until Parliament should provide otherwise, three-quarters of the customs and excise revenue should be handed over to the States. The Commonwealth was instructed to enact a uniform tariff within two years of its establishment, and upon its doing so, trade among the States was to be free. Exception was made of Western Australia, which, for a period of five years and at rates diminishing in amount yearly in a stated ratio, was authorized to levy duties on the imports of products of the other Australian States.

**THE FIRST COMMONWEALTH TARIFF, 1901–2.**

During the interval between the inception of the Commonwealth and the introduction of a tariff bill in Parliament to apply uniformly to the whole Commonwealth the tariffs of the separate colonies continued in effect. The first Commonwealth tariff was introduced in the house of representatives on October 8, 1901, and immediately came provisionally into effect.

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\(^2\) Great Britain: The Commonwealth of Australia Constitution Act, 63 and 64 Victoria, Ch. 12, 1900.
The drafting of a satisfactory tariff measure for the Commonwealth was rendered difficult by the conflicting tariff policies of the newly federated colonies and by the existence in every State of industries which demanded tariff protection for their preservation. The new tariff was intentionally protective, but, as a compromise with the free-trade leanings of several of the States, and of New South Wales in particular, it was made lower in its rates of duty than the previously existing tariff of Victoria, the most protectionist of the States.

There was little interest in Australia at this time in the policy of preference, and no steps were taken to incorporate preferential provisions in the new tariff bill. The bill became law on September 16, 1902. From the date of its introduction trade between the States had been free, with the exception mentioned above in regard to Western Australia.

**AUSTRALIAN ATTITUDE TOWARD THE CHAMBERLAIN POLICY.**

In 1903, while Mr. Chamberlain's proposals for protection in Great Britain as a means of carrying out the policy of reciprocal preference were being hotly discussed in England, Australia as a whole was either indifferent or hostile. The free traders did not wish to adopt a policy which would strengthen the position of the protectionists in Great Britain or would lead to increased duties in Australia. The protectionists in Australia, on the other hand, would not consent to any proposals which involved the reduction of duties on imports from Great Britain, whence came the chief competition with the manufactures of Australia. The wheat growers and sheep raisers were well disposed toward a policy which would bring their products preferential treatment in Great Britain, but sheep raisers feared retaliation on their wool from the continental European countries to which much of it was exported. Some of the free traders advocated the general reduction of duties to a revenue basis, and maintained that as the bulk of the imports of manufactured products already came from Great Britain their policy would be of greater benefit to the British manufacturers than the establishment of preference through the increase of the duties on foreign imports.

A general election held in December, 1903, resulted in the return of 24 protectionists, 27 free traders, and 24 labor men. The labor representatives joined with the free traders to form a ministry.

The Labor Party in Australia included both free traders and protectionists, and as a party was neutral with respect to the fiscal question. At the initiation of Mr. Chamberlain's campaign for imperial preference, the Australian Labor Party gave it mild support, but later, influenced largely by the position taken by the English labor unions, it assumed an attitude of opposition to that phase of the preferential movement in Australia which took the form of an attempt to induce Great Britain to abandon free trade in order to be in a position to grant tariff preferences to the colonies. The following resolutions, the first of which was adopted by the annual conference

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3 In 1895 South Australia negotiated an agreement with New Zealand providing for preferential treatment of New Zealand products in return for similar treatment for the products of South Australia. The Legislature of South Australia refused, however, to ratify the agreement, and consequently it did not come into effect.
of delegates of the Australasian Federated Seamen's Industrial Association, at Wellington, New Zealand, in 1903, and the second by the Political Labor League, which is the political organization of the labor protectionists of Victoria, indicate the general position of the Labor Party with regard to preference.

RESOLUTION OF THE AUSTRALIAN FEDERATED SEAMAN'S INDUSTRIAL ASSOCIATION.

That this conference is of the opinion that any preference to be given in the colony to goods produced in Great Britain should be an acknowledgment of the protection afforded by the British Navy and not with the expectation of any further bonuses on our products in the British markets; that any tax on foodstuffs is bound to increase the cost of living in Great Britain, while the taxing of raw products and partly manufactured goods would dislocate and destroy British manufacturing interests; that the best way to secure the predominance of Britain's manufacturing industries is to improve the educational methods of the country, and free both capital and labor from the incubus of rents and royalties by the taxation of land values; and, further, that this conference is of the opinion that the integrity and prosperity of the Empire will be best maintained by the exercise of absolute fiscal independence of its several parts, and would emphatically repudiate the suggestion that the loyalty of the colonies can only be secured by Great Britain consenting to tax her people's food in the interests of the colonial producers.

RESOLUTION OF THE POLITICAL LABOR LEAGUE.

Mr. J. C. Watson, the prime minister, stated the position of the Labor Party on the question of preference, as follows:

We should ** wait until the mother country has made up her mind on the subject. The first move must come from the mother country, because she has the largest interest at stake. I have no intention to allow any words of mine to be used as a lever one way or the other.

THE PREFERENCE RESOLUTIONS OF 1904.

The Watson administration, which had entered into office on April 26, 1904, was defeated in the following August by a coalition of the free traders and a majority of the protectionists. Among the conditions of the coalition was the agreement that the "fiscal peace" should be continued — i. e., that the fiscal issue should not be raised — and that all parties should have a free hand with regard to preference. The majority of the Government amounted to 2 votes only.

In an attempt to break up the coalition the opposition put forth a motion in favor of preference by means of increased duties on foreign imports. Mr. Alfred Deakin, at that time the leading advocate in Australia of preference, succeeded in substituting a resolution of his own providing for preference to Great Britain on condition that the mother country grant a reciprocal preference on Australian goods. There was, however, little interest in the question of reciprocity.

3 Ibid, p. 586.
Mr. G. H. Reid, the prime minister, admitted in the course of debate that a majority of the electors of Australia at the general election of December, 1903, had declared themselves to be in favor, in the abstract, of a policy of preferential trade. "But I believe," he said, "that the greatest mass were anxious simply to do anything which the mother country thought would help her. I believe that a large number more were fascinated by the attractive prospect of an enormous market for Australian produce with a fence raised against other competitors. A large number of protectionists were also fascinated with the prospect, because they did not think arrangements would be so adjusted as seriously to injure the protected industries of Australia."  

**TARIFF RELATIONS WITH OTHER BRITISH DOMINIONS.**

*Preferential Agreement with South Africa, 1906.*

When Mr. Deakin became prime minister, in 1906, the discussion of preference was resumed in the Australian Parliament. Among the measures taken in this year toward the establishment of preference was the introduction of a bill, the "Customs tariff (South African preference), 1906," to bring into effect an agreement with South Africa for reciprocal preference. The agreement provided for reduced duties, amounting in most cases to 25 per cent less than the rates imposed by the customs tariff of 1902 on imports of a specified list of South African products. In return for the Australian concessions, South Africa agreed to extend its preference to Australian goods.

The first South African preference, established in 1903, did not extend to such articles as butter, fodder, wheat, flour, and meat, which formed the principal items of export from Australia to South Africa. The South African customs convention of 1906, however, included most of these commodities in the preferential schedules, and therefore added to the attractiveness to Australia of the South African preference. Moreover, the new South African tariff eliminated the distinction between refined and unrefined sugar, and thus enabled Australian refined sugar to compete on equal terms with the raw sugar of Mauritius.

The imports into Australia from South Africa were trifling in amount, rarely exceeding £50,000 per annum, but the annual exports from Australia to South Africa were generally in excess of £2,000,000. Many of the items upon which Australia agreed to grant a preference to South Africa were such as under no conceivable circumstances could be expected to figure largely in the imports of Australia from South Africa, and it was charged that they were inserted in the agreement as "window dressing." Among these items were butter and cheese, fodder, hay and chaff, various grains other than maize, agricultural and mining machinery, and timber, none of which was ever imported, or likely to be imported, in significant amount from South Africa. To Australia "the advantage was so prominently one-sided that the act was passed through all its stages in one sitting."  

The disparity between the Australian exports to and imports from

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1 Quarterly Review, April, 1906, pp. 569-570.
South Africa is partly to be accounted for by the fact that vessels leaving Australia for South Africa return to Australia by way of England, bringing British instead of South African products, but it is the absence of a South African export surplus in the products which Australia largely imports which makes this triangular trade necessary.

The preference thus extended to South Africa was made exclusive and no other part of the British Empire shared in its benefits. In 1914 some modifications were made in the agreement with respect to tobacco, the amount of the preference being increased slightly.

The "color line" in sugar duties.—The "color line" drawn with regard to the duties on South African sugar was an interesting feature of the South African agreement. Cane sugar under the general Australian tariff was dutiable at 6s. per hundredweight, but under the agreement with South Africa discrimination was made between sugar "produced solely by white labor" and sugar "produced wholly or partly by black labor," a preferential rebate of 2s. per hundredweight being granted to the former whereas to the latter a rebate of only 1s. per hundredweight was granted.

This discrimination was due to the influence of the Labor Party, which has always opposed the grant of preference to British colonies and possessions that rely upon colored labor for the carrying on of their industries. During the debate on the preference resolutions of 1904, Mr. Watson, the leader of the Labor Party, upon being asked whether he would allow India to share in an Australian preference, replied: "No. Except in regard to such products as tea, I would not give any preference to products made by Asiatic labor, which would come into competition with the products made by white people, though I am prepared to give such a preference to the products of the white labor of Great Britain." 79

NEGOTIATIONS WITH CANADA, 1905–1914.

Canada in 1898 had granted to New South Wales, as a free-trade colony, the benefits of its preference, but shortly afterward New South Wales became part of the Australian Commonwealth and subject to the protective tariff of Australia, and Canada withdrew the preference. The Commonwealth Government was asked by Canada to enter into negotiations for reciprocal preference. Canada inquired whether Australia was prepared to grant a stated preference in return for the Canadian preference or would prefer to make a reciprocal arrangement a question for consideration by a conference of delegates of the two countries. Canada meanwhile made a tentative offer of its preferential rates in return for tariff concessions in Australia on Canadian fish, lumber, paper, and agricultural implements. In November, 1905, the Commonwealth Government replied that they were anxious to facilitate any arrangement which would promote commerce between Canada and Australia, but that the officers of their department of trade found it difficult, without a preliminary understanding, to frame a schedule of preferential duties to Canadian products, owing to the restricted character of the trade between the two countries. They suggested that the approaching colonial conference would offer a suitable opportunity for negotiations. 10 In 1906

9 Quarterly Review, April, 1905, p. 572.
Australia passed an act transferring some agricultural machinery from the free to the dutiable list and raising the duty on other articles in this group.

At the colonial conference held in London in 1907 the negotiations were resumed by Sir Wilfrid Laurier for Canada, and Sir William Lyne, minister of trade and customs in the Commonwealth cabinet for Australia. The negotiations were unsuccessful, Australia being unwilling to grant any tariff concessions on Canadian agricultural implements. Sir William Lyne some years later, when further negotiations were under way, gave the following account of the negotiations which had taken place in London in 1907:

I met Sir Wilfrid Laurier in London. He gave me a list of what he desired that we should admit free. It comprised all the machinery manufactured in Canada by the Massey-Harris Co., the International Harvester people, and other Canadian firms. These were the articles which Sir Wilfrid Laurier wanted us to allow to be dumped here, to the detriment of our manufacturers. I submitted my list of what we could admit, but he would have nothing to do with it. The whole kernel of their request was that we should allow their machinery to be admitted free to compete with our own people. It was impossible to get any reciprocal trade arrangement under those conditions, and that is what is wrong now. The Government may try as much as they like, but the only reciprocal tariff they could get with Canada would do a great injury to our manufacturers. I should like to see a reciprocal arrangement with Canada, if possible, but we must not surrender the interests of our own people to Canada or any other country. I told Sir Wilfrid Laurier that if the Massey-Harris or the International Harvester people liked to come to Australia to manufacture, they would be very welcome, but they would have to do the work here under our own tariff, and not in Canada under the Canadian tariff, sending it here to compete with our own people. I do not think that it is possible to secure reciprocity with Canada for some time to come. The Canadians produce little that we really require, and we can not afford to allow them to compete with our local manufacturers.

The following table presents a comparison, for the principal products imported into Australia from Canada, of the rates of duty to which they were subject under the Australian tariff acts of 1902 (1906 for agricultural machinery) and of 1908, respectively.

Table 1.—Australian rates of duty on Canadian products under the tariff acts of 1902 and 1908.

<table>
<thead>
<tr>
<th>Article</th>
<th>Tariff of 1902</th>
<th>Tariff of 1908</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preserved fish, per pound</td>
<td>1d.</td>
<td>1d.</td>
</tr>
<tr>
<td>Barley, per cental</td>
<td>1s. 6d.</td>
<td>2s.</td>
</tr>
<tr>
<td>Agricultural implements, etc., ad valorem</td>
<td>(Some free)</td>
<td>(£125 per cent.)</td>
</tr>
<tr>
<td>(Some 12½ per cent)</td>
<td>1s. 10d.</td>
<td>10 per cent.</td>
</tr>
<tr>
<td>Harvesters, each</td>
<td>£12</td>
<td>10 per cent.</td>
</tr>
<tr>
<td>Machines and machinery, ad valorem</td>
<td>1½ per cent.</td>
<td>50 per cent.</td>
</tr>
<tr>
<td>Printing paper, ad valorem</td>
<td>Free</td>
<td></td>
</tr>
<tr>
<td>Undressed timber, per 100 superficial feet</td>
<td>1s to 1s. 6d.</td>
<td>1s. 6d. to 2s. 6d.</td>
</tr>
</tbody>
</table>

1 Customs tariff of 1908.

The rates of duty on items entered in the above table were substantially increased by the tariff of 1908. Moreover, the rates of duty on agricultural machinery and implements had already been increased in 1906. It appears, therefore, that at the time when Canada was endeavoring to negotiate an agreement with Australia which would bring about lower duties on Canadian products, Australia, in the interest of her domestic industries, had raised some of

the duties and was contemplating further increases in the duties on these same products. This may explain the reluctance of the protectionist Government of Australia to make any satisfactory response to the Canadian overtures.

Canada continued her efforts intermittently until the outbreak of the war to secure preference for her products in Australia. Early in 1914, the Canadian Government, upon learning of the intention of Australia to revise its tariff upwards, sent Sir George E. Foster to Australia to endeavor to secure the extension of the preference to Canada. Before the negotiations could be brought to a successful conclusion, the ministry then in power in Australia was defeated, and the resumption of negotiations was postponed until the termination of the war. The increased Australian duties on Canadian products gave rise to considerable irritation in Canada, but, as pointed out in 1910 by Sir William Lyne and by Mr. Andrew Fisher, the prime minister of Australia, the products for which Canada especially sought preference were of a kind whose manufacture in Australia was particularly desired and with regard to which Australia would grant no tariff concessions. In Canada it was explained that one of the difficulties in the way of successful negotiations was the frequent change in ministries in Australia; from 1905 to the outbreak of the war in 1914 there were in Australia six ministries. But Canada purchased but little from Australia and therefore had little to offer in return for the real concessions she requested.

NEGOITIATIONS WITH NEW ZEALAND, 1906.

In 1906, as a result of an interview between Mr. Deakin and Mr. Seddon, premier of New Zealand, an understanding was reached with respect to a preferential arrangement between Australia and New Zealand, and a bill was introduced in the Commonwealth Parliament to give effect to the arrangement. The concessions to be granted by New Zealand to Australia and by Australia to New Zealand were in general on the same articles, but the amounts of the preferences were not identical. The agreement specified the rates which were to be levied on imports from other countries, and in the case of Australia these rates were in a number of cases higher than those in effect under the existing tariff. Neither Government was to extend the concessions or to lower the rates of duty in the general tariff on the articles specified in the agreement without first obtaining the consent of the other.

Many of the items upon which the duties were to be raised by Australia when coming from countries other than New Zealand were articles imported mainly from Great Britain and European countries, and only in insignificant amounts or not at all from New Zealand. Among these were aerated and mineral waters, candles, hops, malt, and perfumed soap. The agreement was used in this way to secure an increase in a number of the rates of the general tariff, the concessions to New Zealand with respect to these articles being illusory. The provision for increased duties on timber coming into Australia from elsewhere than New Zealand, if put into effect, would have operated disadvantageously to the trade with Canada.

Pulsford, E.: Commerce and the Empire, 1914 and After, p. 139.
The Commonwealth Parliament ultimately approved the agreement. In New Zealand there was considerable opposition to it on the ground that the agreement favored Australia unduly in the balance of advantages. A legislative committee appointed to consider the agreement recommended that it be not ratified, and the New Zealand Parliament refused to ratify it.

**Austalian Preference Disadvantageous to Other British Possessions.**

The preferential tariff of Australia has been beneficial to the trade of the mother country but not to that of the other British possessions. The establishment of the preference in 1907 and every increase in its amount since that year have meant a raising of the tariff barrier against the products of British possessions. And each time that Australia has strengthened the protection of her industries against those of other British possessions she has at the same time increased the differentials in favor of the British manufacturers and producers who compete in her markets with Canadian and other colonial merchants. In practically no case, except that of jute products, has a preferential duty once imposed ever been removed or lowered.\(^{13}\) The British colonies are not great manufacturing centers as is Great Britain, but manufactures are developing in some of them, and as illustrations of the lines in which there is colonial competition with Great Britain there may be mentioned the jute goods of India and the agricultural implements, printing paper, motor and other vehicles and parts, fish, rubber goods, and furniture of Canada. Since, with the exception of the limited preference to South Africa, Australia accords to British possessions only the same tariff treatment as to foreign countries, the nature of the preference enjoyed by the United Kingdom over the colonies needs no separate description; but a few figures may be presented to show the extent of the trade adversely affected by the Australian tariffs of 1908–1911 and 1914. In 1913 Australia imported from other British possessions merchandise valued at £7,804,000, and of this £492,000 was adversely affected by the preferential tariff then in force. Had the tariff of 1914 been in force, £3,261,000 of the 1913 imports from British possessions would have been adversely affected. The surcharge on these imports as compared with similar imports from the United Kingdom would have been at the average rate of 9.46 per cent.\(^{13a}\)

In establishing a preference on 79 per cent of the imports from the United Kingdom, Australia imposed a surtax on 42 per cent of the imports from the rest of the British Empire. Table 2 presents in summarized form some of the changes made by the tariff of 1914 as they affected imports from British possessions.

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\(^{13}\) A duty of 10 per cent ad valorem was imposed in 1914 upon all jute products except those of the United Kingdom. This duty was removed in 1917.

\(^{13a}\) Official Yearbook of the Commonwealth of Australia, No. 10 (1917), p. 590.
Table 2.—Imports of merchandise from British possessions, 1913, analyzed according to the tariffs of 1908–1911 and 1914.

<table>
<thead>
<tr>
<th>Imports from British Possessions.</th>
<th>According to tariff of—</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1908–1911</td>
</tr>
<tr>
<td>Free</td>
<td>£5,108,991</td>
</tr>
<tr>
<td>Dutiable</td>
<td>2,096,492</td>
</tr>
<tr>
<td>Total imports</td>
<td>7,804,483</td>
</tr>
<tr>
<td>Duty payable</td>
<td>874,905</td>
</tr>
<tr>
<td>Properties of dutiable goods.</td>
<td>34.53</td>
</tr>
<tr>
<td>Average rate of duty on—</td>
<td></td>
</tr>
<tr>
<td>Dutiable imports</td>
<td>do</td>
</tr>
<tr>
<td>All imports</td>
<td>do</td>
</tr>
</tbody>
</table>

Customs Tariff (British Preference) Bill of 1906.

The Australian Government, as has been shown, entered into negotiations with other portions of the Empire before granting preference to Great Britain. The provisions in the agreement with New Zealand, whereby concessions granted to New Zealand were not to be extended to any other country, British or foreign, and whereby the duties on certain products were to be increased when imported from all countries except New Zealand, gave rise to considerable adverse comment in Great Britain and elsewhere. On August 30, 1906, Mr. Deakin, the prime minister of Australia, submitted for ratification by Parliament the New Zealand and South African agreements, and introduced a bill providing for a tariff preference to a list of products when imported from Great Britain.

Mr. Deakin explained, in submitting his proposal, that he introduced it because of the adverse effect which the agreement with New Zealand would have on the trade of Great Britain with Australia; and that it offered to Great Britain advantages which would more than compensate for the increases of duty resulting from the New Zealand agreement. "I hope," he declared, "that the majority of the British Parliament will recognize this as something more than an offer. It is an overture from us which is not to be regarded as a bid, but as a suggestion of friendly negotiation." 15

The bill introduced by Mr. Deakin proposed to grant a preference to the products of Great Britain when imported in British ships on some 47 tariff items or subitems. The rates of duty on British imports were to remain the same, but a surtax was to be imposed on the articles specified when imported from any other country. The amount of the surtax on most of the items was to be 10 per cent ad valorem. On one item the surtax was 5 per cent ad valorem and on another it was 7½ per cent ad valorem. On 10 items, which were subject to specific duty, the surtax was made in each instance a specified amount, ranging from 12½ to 25 per cent of the duty to be imposed on imports from Great Britain.

The principal items upon which the measure, if it had become law, would have granted preference to British products were furniture; gas and oil engines; certain paints and colors; pickles and sauces;

15 The Edinburgh Review, April, 1907, p. 392.
cutlery; plated ware; arms and ammunition; miscellaneous manufac-
tures of wicker, bamboo, cane, and wood; bicycles and motor
cycles; boots and shoes; clocks; phonographs; and optical instruments.
Many of these articles, particularly boots and shoes, were produced
in Australia in some quantity, and the free traders in Parliament said
that the purpose of the measure was not so much to give preference
to British trade as to increase the protection afforded by the tariff
to Australian industries. They demanded that the preference be
granted by reductions from the existing duties on British imports and
not by increases of duty on foreign imports. To this Mr. Deakin
replied that "when we have raised our own tariff to the height it
ought to reach, I have no doubt that the protectionists will be pre-
pared to consider proposed reductions in favor of the mother
country." 16 Sir William Lyne, the minister of trade and customs
in the Deakin cabinet, supported this position. "In view of the
fact," he stated, "that our tariff is not nearly so high as that of
the United States or Canada, or in some respects as that of South Africa,
we can not afford to reduce our duties. We can, however, give
preference to the old country by raising our tariff as against the
outside world." 17

A critic of the measure, Mr. Joseph Cook, showed in the course of
the debate that the whole volume of the trade affected was a little
over £2,250,000 and that the bulk of this trade was already in British
hands, less than £800,000 coming from foreign countries. This
foreign trade, he asserted, consisted largely of specialties, or patented
products, which could not be manufactured in the United Kingdom,
while the British trade consisted of articles in regard to which Great
Britain already had practically a monopoly and therefore needed no
preference. "The proposals of the Government affect the wrong
items," he concluded, "to facilitate British trade to any great
extent." 18

In the course of the debate on the bill in the Australian Parliament
there was submitted by the Labor members an amendment which
provided that only goods proved to be made by white British work-
men should enjoy the advantages of the preferential rates, but this
amendment was defeated. Another amendment was thereupon
proposed to the effect that the benefit of the preference should be
limited to goods brought in British ships manned exclusively by
white British seamen, but this was likewise defeated, and a third
amendment, restricting the preference to goods brought in British
ships of which the crew consisted of at least 80 per cent of white
British seamen, was also unsuccessful. Finally, in spite of Mr.
Deakin's plea that the limitations proposed were in violation of
British treaties to which Australia was subject, a fourth amendment,
limiting the preference to goods imported direct from Great Britain
in British ships manned exclusively by white seamen, was passed by
a majority of 1.

The Government was opposed to this amendment and the free
traders also attacked it. Mr. G. H. Reid, the leader of the free
traders, spoke of the provision limiting the preference to goods
brought in British ships as "a feature * * * introduced into

17 Ibid., p. 4661.
18 Ibid., p. 4667.
our legislation which may well imperil the supremacy of Great Britain upon the ocean."

At the colonial conference held in London in the following year a discussion by Mr. Deakin and Premier Asquith, of Great Britain, threw further light on some interesting phases of the reserved bill of 1906. Mr. Deakin again explained that the bill was intended to offset the disadvantages to Great Britain which were expected to result from the New Zealand agreement, and that it was not to be interpreted as a carrying out of the Australian program with regard to preference. The measure, he stated, "was not to be confounded with proposals for preferential trade even of a unilateral character which it was part of our policy to submit. The present bill included merely that portion of our preference scheme which was pertinent at that time. * * * Neither the time of the session nor the circumstances in which our Parliament then stood would have permitted us to launch a complete preferential scheme, even unilateral." He explained, with regard to the amendments relating to white seamen, that in the closing hours of the session it became a question of accepting them or of abandoning the whole measure, and that he decided to save it. The proposal limiting the preference to goods imported in British ships had been inserted in the original measure without any suspicion that any treaties by which Australia was bound would prevent its adoption.

Mr. Asquith subjected the measure to close analysis on the assumption that it was fairly typical of what Australia was prepared to do in the way of granting preference to British trade. He showed that it would have been of little value to Great Britain, and in his reference to the provisions discriminating against British vessels manned by colored seamen, he gave some indication that the measure would have been disapproved by the imperial authorities even though no treaty obligations were in the way. "We should never, under any conceivable circumstances," he declared, "accept here a preference granted to us only in respect of goods carried in ships in which the whole of our fellow subjects in India were not allowed to serve. We could not possibly accede to that, and everybody here would say we would rather have no preference at all than preference limited by such a condition as that."  

BIL RESERVED BY THE GOVERNOR GENERAL.

The bill as finally passed was reserved by the governor general in consequence of the condition which it laid down that, to enjoy the preference, goods entitled thereto must be imported in British ships. This provision was inconsistent with British treaties with Greece, Italy, Japan, and Russia, by which some or all of the Australian colonies were bound, which provided that no higher duties should be imposed on goods brought in vessels of the treaty country than on goods brought in British vessels. A British board of trade memorandum submitted to the colonial conference of 1907 estimated that the Australian proposal for preference to the British products, if it had come into effect, and if the limitation with regard to the nationality of the vessel were not

enforced, would have applied to about 8 per cent of the Australian imports of United Kingdom products and to a little over 4 per cent of the total Australian imports from all countries.22

It should be noted that the surtaxes were to be applied not only to foreign imports, but to imports from Great Britain not brought in British vessels manned exclusively by white seamen and to imports from all other parts of the British Empire. As there are few British freight vessels sailing to Oceania which are manned exclusively by white seamen, this limitation would in practice have considerably restricted the value of the preference to British trade.

THE COLONIAL CONFERENCE OF 1907.

At the colonial conference of 1907 a determined effort was made by the colonial representatives to induce the British Government to accept the principle of preference, but in 1906 the Liberal Party had carried the election by an overwhelming majority with the fiscal policy as the leading issue; the principle of preference in England was closely tied up with the policy of protection; and the representatives of the British Government at the conference, including Premier Asquith, Mr. Winston Churchill, and Mr. Lloyd George, refused to give any support to the policy of preference.

Mr. Deakin, the prime minister of Australia, was most prominent in the attempts to persuade the British Government to grant preferences on imports from the colonies. He pointed out that Australia had strong reasons for asking preference in Great Britain. In the Commonwealth the production of the staple products increased faster than the population, which was quite inadequate to absorb more than a portion of the primary goods produced. External markets were therefore essential. Though Germany and France might be willing to take the wool and ores of Australia, prohibitory tariff duties and restrictions in the guise of sanitary regulations, he asserted, excluded its meat, dairy produce, and cereals; it was, therefore, to the British market that Australia naturally turned. All the Dominions, he said, found themselves in the same position, and, to prove that there was ample margin for an expansion of Australian production, if the United Kingdom would grant a preference to colonial products, he quoted figures showing that of a total importation into the United Kingdom of grain, meat, dairy produce, and fruit, valued at £210,000,000, British countries supplied only about £51,000,000.

Mr. Deakin and Sir William Lyne drew attention to the relative decrease in the share of Great Britain in Australia's imports. They said that preference in Australia for British goods would remedy this situation. With regard to the form which the preference could take, Mr. Deakin stated that Australia might grant preference either by lowering existing duties in favor of Great Britain or by increasing the duties on foreign products. The immediate object of preference, in any case, would be to exclude foreign goods and to favor British goods, and this, he thought, could be best achieved by increasing the present duties on foreign goods. Also goods on the free list might be made dutiable when coming from foreign countries. A substantial

preference to British goods in Australia would, he thought, result in an increase by 50 per cent of the British trade with Australia.  

Mr. Deakin and Mr. Lyne both made it clear, however, that no such scheme of preference as they had outlined would be established unless Great Britain reciprocated. "The evidence of the last two general elections of the Commonwealth," said Mr. Deakin, "proves that we are moving steadily toward such a preference or such preferences as I have referred to, but we have not yet propounded a complete scheme of any of these on either basis; that is to say, neither as a one-sided preference tendered by ourselves nor still less of the possibilities of a preference balanced by concessions from you. Our hope of an early reciprocity from the mother country has never been strong enough to encourage such a thorough study of possible tariff changes as would be necessary in drawing up proposals for a complete scheme."

On another occasion he stated that "the extent to which we can approach a complete mutual exchange will, of course, be governed by the attitude which is adopted here towards our proposals."

The British representatives replied that the colonies, although left perfectly free to decide their own fiscal policies for themselves, were endeavoring to induce Great Britain to abandon the fiscal policy which had been uniformly followed for half a century and which had just received a striking affirmation in a general election. They declared that the British Government could not discriminate between the trade of the colonies and that of foreign countries.

RESOLUTION SUBMITTED BY MR. DEAKIN FOR INTERCOLONIAL PREFERENCE.

Mr. Deakin submitted to the conference, in addition to the resolutions adopted at the conference of 1902, a resolution reading as follows:

That it is desirable that the preferential treatment accorded by the colonies to the products and manufactures of the United Kingdom be also granted to the products and manufactures of other self-governing colonies.

Mr. Deakin, in discussing this resolution, spoke as follows:

Owing to the similarity of our circumstances, none of these could have the scope or the value of an arrangement made between any or all of them and the mother country if such were possible. But, nevertheless, small as these imperial reciprocities may be, they are useful.

This resolution was never put to a vote, but it is interesting to note that the policy of Australia with regard to preference, both before and after 1907, has been less in harmony with the principle embodied in the resolution than the corresponding policy of any other portion of the Empire. Every measure of preference granted or proposed by Australia has been restricted to the particular portion of the Empire under consideration at the moment, and there has been no instance in the history of the preferential policy in Australia of the extension to one portion of the Empire of a preference which had originally been granted to another.

23 Ibid., p. 257.
24 Ibid., p. 259.
25 Ibid., p. 262.
II. Establishment of Preferences, 1907–8, and Their Extension, 1911–1917.

Preference to British Products Established in 1907.

Preference to the products of the United Kingdom came into force provisionally on August 9, 1907, when a bill for the revision of the tariff was introduced in Parliament. This bill, after undergoing some amendment, became the tariff law of June 3, 1908. It was subjected to long and searching debate, but no new arguments with respect to the preference were advanced.

The tariff introduced in 1907 involved a complete revision of the tariff of 1902 and made provision for an all-round substantial increase in the level of duties. The number of dutiable items was increased from 139 in the tariff of 1902 to 444 in the new tariff, and on products dutiable under the old tariff the rates of duty in the new tariff were generally higher. Preference was granted to imports from the United Kingdom on about half of the dutiable items, the amount of preference approximating on most of the items 5 per cent ad valorem. About one-third of all imports and about 60 per cent of the imports from the United Kingdom were admitted at the preferential rates. But the duties on a large number of the most important items on which preference was granted were substantially increased in the new measure, and on almost every item the new tariff, even after the preference was deducted, subjected British goods to higher duties than were previously in effect.

The preference of 1907 was granted "avowedly as a mere intimation of the willingness of Australia to negotiate with Great Britain for other and larger preferences, on reciprocal terms." Sir William Lyne, in the course of the debate, expressed regret "that Great Britain can not see her way clear to give us some preference. When I was in Great Britain," he said to the house, "I took the opportunity to say that although we did not receive the concession that we asked for, or any other concession, still Australia did not intend to approach this question again from the point of view of bargaining." Nevertheless, the course of the debate showed that the Government had not given up hope of securing a reciprocal preference from Great Britain, and that the grant of preference was due partly to the belief that such action would promote a change of policy on the part of the British Government.

The Extent of the Preference.

Table 3, giving the average ad valorem rates of duty on British imports by principal groups under the tariff of 1908 as compared with the tariff of 1902, shows that the principal classes of British imports were taxed at higher rates under the preferential schedule of the 1908 tariff than under the nonpreferential 1902 tariff. Some groups of minor importance are omitted.

28 Official Yearbook of the Commonwealth of Australia, 1916, p. 576. Table III, p. 34, shows that even after the amount of the preferences had been increased by the tariff amendment of 1911, the average preference upon British goods worked out in 1913 at only 5.14 per cent ad valorem. As the total imports from Great Britain in 1907 were only about £25,000,000, the estimate of the treasurer, Sir William Lyne, that the grant of preference to products of the United Kingdom would result in an annual loss of £2,500,000 in revenue to the Commonwealth was much too high.


Table 3.—Average rates of duty by principal groups on British goods under the tariffs of 1902 and 1908, and imports from the United Kingdom, 1907.

<table>
<thead>
<tr>
<th>Group</th>
<th>Average ad valorem rates of duty</th>
<th>Imports from United Kingdom, 1907.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tariff of 1902—All goods.</td>
<td>Tariff of 1908—Products or manufactures of the United Kingdom.</td>
</tr>
<tr>
<td></td>
<td>Per cent.</td>
<td>Thousand pounds sterling.</td>
</tr>
<tr>
<td>Apparel, textiles, and manufactured fibers</td>
<td>11.91</td>
<td>9,901</td>
</tr>
<tr>
<td>Metals, manufactured, including machinery</td>
<td>7.14</td>
<td>6,768</td>
</tr>
<tr>
<td>Paper and stationery</td>
<td>7.02</td>
<td>1,199</td>
</tr>
<tr>
<td>Drugs, chemicals, and fertilizers</td>
<td>4.49</td>
<td>538</td>
</tr>
<tr>
<td>Jewelry, timepieces, and fancy goods</td>
<td>21.00</td>
<td>1,199</td>
</tr>
<tr>
<td>Foodstuffs of vegetable origin and salt</td>
<td>20.26</td>
<td>493</td>
</tr>
<tr>
<td>Leather and manufactures of, and India rubber and manufactures of.</td>
<td>11.69</td>
<td>414</td>
</tr>
<tr>
<td>Earthenware, cements, china, glass, and stoneware</td>
<td>10.67</td>
<td>390</td>
</tr>
<tr>
<td>Paints and varnishes</td>
<td>10.63</td>
<td>364</td>
</tr>
<tr>
<td>Foodstuffs of animal origin</td>
<td>23.24</td>
<td>178</td>
</tr>
<tr>
<td>Oils, fats, and waxes</td>
<td>21.33</td>
<td>164</td>
</tr>
<tr>
<td>Animal substances mainly unmanufactured, not foodstuffs.</td>
<td>4.85</td>
<td>156</td>
</tr>
<tr>
<td>Optical instruments and scientific instruments</td>
<td>11.08</td>
<td>152</td>
</tr>
<tr>
<td>Wood and wicker, raw and manufactured</td>
<td>14.48</td>
<td>149</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>14.43</td>
<td>2,497</td>
</tr>
<tr>
<td>Total for all groups enumerated</td>
<td>25,189</td>
<td>17,036</td>
</tr>
</tbody>
</table>

Over 90 per cent of the total Australian imports from Great Britain, dutiable and nondutiable, are included in the groups enumerated in the preceding table. In every instance, with but one exception, the rates of duty on British goods under the 1908 tariff, in spite of the preferential reductions, averaged higher than under the 1902 tariff.

The new tariff contained over 70 items and subitems which were free of duty when coming from the United Kingdom, but were dutiable when imported from any other country. The rate of duty on goods of non-British origin in this group was generally 5 per cent ad valorem, the exceptions being a specific duty of 20 shillings per ton on salt of non-British origin and an ad valorem duty of 10 per cent on wooden-last blocks, rough turned. Most of the items included in this group had been free of duty from all sources under the 1902 tariff; but there were a few items, of which cotton goods were the most important, which remained dutiable at 5 per cent ad valorem as under the tariff of 1902, but were now made free of duty when of United Kingdom origin.

The preferences granted on articles subject to specific duties ranged from 12 per cent to 50 per cent of the general duties, but in most cases they approximated 20 per cent of the general duties. The preferences granted on articles subject to ad valorem duties were in most cases 5 per cent ad valorem. Of the 15 exceptions, there was one case of a preference of 7½ per cent ad valorem and there were 10 instances of a preference of 10 per cent ad valorem. Most of the articles upon which a 10 per cent ad valorem preference was granted were specialties in which Great Britain had only a small share of the trade.

The increased duties on British imports caused considerable irritation in Great Britain. The Coventry and Birmingham Chambers of
Commerce even went to the length of protesting to the British Board of Trade against what they considered the unreasonable increases in duty. The advantage to British trade of the preference incorporated in the new tariff was generally estimated as not sufficient to offset the disadvantage resulting from the higher duties. "The price he [the British manufacturer] pays for his advantage over the foreigner," stated the Economist, 31 "is an increase in his disability as against the native Australian."

In Australia the increased duties on British imports were justified on the ground that the industries of Australia must receive first consideration, and that only after they had been duly protected should preference be given to British as against foreign trade. One Australian writer states the position of the Australian Government as follows: 32

The best support to the Empire is the strengthening of its component parts, and Australia will be a more valuable imperial asset when the tariff has made her self-contained than if, under free trade, she produced only raw materials. The interests of the Empire may best be served by decentralizing its manufacturing power.

In this view Mr. Deakin and his party in 1907 deliberately readjusted the tariff for the preservation and encouragement of Australian industries, even against British competition; but, at the same time, preferential treatment was accorded to several important lines of British goods in order to give an advantage over competing foreign goods.

TARIFF AMENDMENT OF 1911.

The customs tariff act of 1911 introduced a number of amendments in the tariff. Many of the changes were only reclassifications or more explicit definitions of items in the tariff, but there were a number of increases in rates of duty. New preferences, amounting generally to 5 per cent ad valorem, were extended to over 20 items, some of them of considerable importance, which had been subject to uniform duties under the tariff of 1908.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General</td>
<td>On products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>of United</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kingdom.</td>
</tr>
<tr>
<td>Fruits and vegetables, preserved, dozen quarts...</td>
<td>2s. 25d.</td>
<td>3s. 25d.</td>
</tr>
<tr>
<td>Dynamo electric machines up to 200 horsepower, induction coils, electric fans, ad valorem.</td>
<td>12½ per cent.</td>
<td>12½ per cent.</td>
</tr>
<tr>
<td>Dynamo electric machines over 200 horsepower, ad valorem.</td>
<td>20 per cent.</td>
<td>20 per cent.</td>
</tr>
<tr>
<td>Electroliners, gas fittings, etc., ad valorem.</td>
<td>5 per cent.</td>
<td>Free.</td>
</tr>
<tr>
<td>Arc lamp carbons, ad valorem.</td>
<td>15 per cent.</td>
<td>15 per cent.</td>
</tr>
<tr>
<td>Fire and glazed bricks; fire-clay manufactures; asphalt tiles, etc., ad valorem.</td>
<td>Free.</td>
<td>Free.</td>
</tr>
<tr>
<td>Tubes, rods, retorts, etc., of resistant glass, ad valorem.</td>
<td>do.</td>
<td>do.</td>
</tr>
<tr>
<td>Bottles, fancy ground or cut glass, empty, ad valorem.</td>
<td>30 per cent.</td>
<td>30 per cent.</td>
</tr>
<tr>
<td>Marble and granite, wrought, ad valorem.</td>
<td>Free.</td>
<td>Free.</td>
</tr>
<tr>
<td>Granophones, phonographs, and accessories, ad valorem.</td>
<td>25 per cent.</td>
<td>25 per cent.</td>
</tr>
<tr>
<td>Leather cut into shape, harness, razor strops, etc., ad valorem.</td>
<td>20 per cent.</td>
<td>20 per cent.</td>
</tr>
<tr>
<td>Yachts, launches, and boats, ad valorem.</td>
<td>25 per cent.</td>
<td>25 per cent.</td>
</tr>
</tbody>
</table>

The preference on last rough-turned blocks, which was the only instance in the 1908 tariff of a 10 per cent ad valorem preference through total remission of duty on British imports, was eliminated by the act of 1911. The preference on arc lamp carbons was increased, however, so as to make them free of duty when of British origin and subject to 10 per cent when of foreign origin. There were no aboli-
tions of preference other than that on last blocks above mentioned.

It will be noted that in every case where there was established a new preference, the new preferential rate was as high as, or higher than, the old general rate. The new preferences were established in some cases by increasing the duty on foreign imports; in other cases by transferring the article when of foreign origin from the free to the dutiable list. There was no instance in the entire list of the remission or reduction of an existing duty on an article of British origin in order to establish a preference. The act, nevertheless, brought a sub-
stantial increase of preference to British imports.

TARIFF REVISION OF 1914–1917.

The Commonwealth Government introduced on December 3 1914, a new tariff as part of a tax program intended to raise more revenue to meet the war requirements. The new tariff immediately went into effect provisionally, and was validated by the Customs Tariff Validation Act, 1917. "The tariff act of 1917 may be considered primarily as a war measure intended to provide sufficient revenue to cover a part of the war expenditures." The Govern-
ment conceded that it was a temporary measure and discouraged discussion of it.

The new tariff was marked by considerable increases in the rates of duty and by a substantial increase in the preference to the prod-

ucts of the United Kingdom. The increase in the preference took three forms: (1) Some goods formerly free from all countries were subjected to new duties under the general tariff, but continued to be free if imported from Great Britain; (2) some goods formerly dutiable at uniform rates from all countries were subjected by the new tariff to increased duties under the general tariff, the duties on imports from the United Kingdom remaining unaltered or being subjected to smaller increases; (3) increases were made in the rates of the general tariff on goods already entering at preferential rates when of United Kingdom origin, while the preferential rates continued unaltered or were not increased to the same extent.

There were no instances of the establishment of a new preference or the increase of an existing one through the reduction of the duty on imports from the United Kingdom. The following table, taken from the official Yearbook of the Commonwealth of Australia, presents an official analysis of the character of the changes in the British preference made by the tariff of 1914:

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83 The Customs Tariff Validation Act of 1917 made law the tariff proposals introduced in the Commonwealth Parliament in 1914, but with two minor exceptions. All changes in the tariff provisionally made in 1914 provided for increased rates of duty, with the exception of reductions made on two unimportant items, iron shavings and unwrought white marble. The Commonwealth Parliament insisted that these rates be increased before it would consent to "validate" the new tariff.

84 U. S. Department of Commerce, Tariff Series, No. 37, Customs Tariff of Australia, p. 5.

85 No. 10 (1917), p. 529.
Table 5.—Summarized comparison of the tariffs of 1908–1911 and 1914–1917, based upon their application to the produce or manufacture of the United Kingdom imported into the Commonwealth during 1913.

<table>
<thead>
<tr>
<th></th>
<th>Tariff of 1908–1911</th>
<th>Tariff of 1914–1917</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports of free merchandise:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Favored by preferential tariff</td>
<td>£7,485,367</td>
<td>£12,485,947</td>
</tr>
<tr>
<td>Under tariff common to all countries</td>
<td>£12,409,630</td>
<td>£7,175,452</td>
</tr>
<tr>
<td>Total imports of free merchandise</td>
<td>£19,895,017</td>
<td>£19,661,399</td>
</tr>
<tr>
<td>Percentage of free imports on total imports</td>
<td>48.59</td>
<td>48.01</td>
</tr>
<tr>
<td>Imports of dutiable merchandise:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Favored by preferential tariff</td>
<td>£17,300,041</td>
<td>£20,014,501</td>
</tr>
<tr>
<td>Under tariff common to all countries</td>
<td>£3,552,845</td>
<td>£1,242,903</td>
</tr>
<tr>
<td>Total imports of dutiable merchandise</td>
<td>£21,053,886</td>
<td>£21,287,404</td>
</tr>
<tr>
<td>Percentage of dutiable imports on total imports</td>
<td>51.41</td>
<td>51.99</td>
</tr>
<tr>
<td>Total imports of merchandise</td>
<td>£40,948,803</td>
<td>£40,948,803</td>
</tr>
<tr>
<td>Total imports favored by preferential tariff</td>
<td>£24,980,308</td>
<td>£32,530,448</td>
</tr>
<tr>
<td>Total imports favored by preferential tariff—per cent of total imports</td>
<td>61.61</td>
<td>70.45</td>
</tr>
<tr>
<td>Margin of preference—per cent of total value of preferential imports</td>
<td>5.14</td>
<td>6.30</td>
</tr>
<tr>
<td>Equivalent ad valorem rates of duty:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On total imports of merchandise</td>
<td>per cent.</td>
<td>14.20</td>
</tr>
<tr>
<td>On imports of merchandise, less drink and tobacco</td>
<td>do.</td>
<td>9.71</td>
</tr>
<tr>
<td>On dutiable merchandise</td>
<td>do.</td>
<td>27.62</td>
</tr>
<tr>
<td>On dutiable merchandise, less drink and tobacco</td>
<td>do.</td>
<td>19.53</td>
</tr>
</tbody>
</table>

1 Includes tobacco to the value of £23,154 imported in competition with similar imports from South Africa, which is favored by preferential rates under the South African Preference Act.

It is to be noted that the tariff of 1914, while it made little change in the quantity of imports of United Kingdom origin not subject to duty, almost doubled the amount of such imports which were admitted free only because of the preference. The proportion of British imports favored by the preferential tariff, based on the figures of imports for 1913, increased from 61 per cent of the total imports from the United Kingdom under the old tariff to 79 per cent under the new. The preference to products of the United Kingdom was equal to 6.3 per cent of the value of the total imports of United Kingdom goods favored by preference under the new tariff as compared to 5.14 per cent under the old. Stated in another way, on the basis of the 1913 imports, “if the same goods were imported from countries other than the United Kingdom, £2,050,000 additional duty would now be charged, whereas under the 1908–1911 tariff the rebate of duty would have been £1,280,000.”

MINOR AMENDMENTS IN TARIFF RATES, 1917.

The anticipation of a decrease in the customs revenues as a result of the war-time prohibition on the import of many luxuries forced the Commonwealth Government to resort to additional revenue-raising measures in 1917. These took the form of increases in the customs and excise taxes on wines and spirits. These changes have no bearing on British preference. The same measure, however, provided for the uniform free admission of jute products, which, under the tariff of 1914–1917, were free of duty when of United Kingdom origin but dutiable at 10 per cent ad valorem when imported from any other source. India alone competes seriously in 36 Official Yearbook of the Commonwealth of Australia, No. 10 (1917), pp. 588, 589.
Australia with Great Britain in the trade in jute products. The removal of the duty on Indian products of this character enables India to compete on equal terms with the products of Great Britain.

In order to take advantage of the provision in the United States tariff act of 1913 for the free admission of wheat and wheat products when imported from countries which grant like treatment to American wheat and wheat products, the duties were removed, in 1917, on wheat, wheat flour, and semolina.

III. Preference Augmented by Recent Tariff Legislation.

Tariff of 1920.

The Australian Government on November 1, 1919,37 prohibited by proclamation the importation of a number of articles with a view to giving similar Australian products complete protection pending the preparation of a new tariff measure.38 The list of articles subject to restriction was made up largely of products of industries created or expanded during the war.

The new tariff bill was introduced in the House of Representatives on March 24, 1920, and in accordance with Australian custom became immediately effective. This tariff, during the process of legislative validation in 1921, has been amplified, and the protective and preferential rates have been increased. Full details, however, are not at hand, and the following description is based on the rates made temporarily effective in 1920.

In introducing the tariff bill Mr. W. Massy Greene, minister for trade and customs, stated that "it will protect industries born during the war, will encourage others that are desirable, and will diversify and extend existing industries." Its chief features are the increase in protection to Australian goods, the introduction of an intermediate tariff to be applied to countries offering reciprocal advantages to Australian goods, and the further extension of preference to British manufactures.

The new tariff marks a substantial increase in protection over its predecessors. Some of the largest increases are in the textile and metal schedules. Additional protection also has been given to chemical products, such as coal tar and its derivatives, and alcohol.

The tariff establishes 95 new duties, all of them on articles formerly imported free from the United Kingdom. In addition, rates applying to goods imported from the United Kingdom are generally higher than under the preceding tariff, "though the preference which they enjoy over foreign goods admitted under the general tariff is greater in most cases than before." 39

Extent of the Preference to Great Britain.

Under the new measure Great Britain enjoys a preference of 20 per cent ad valorem in the case of 32 items of the tariff, 15 per cent in the case of 136 items, and 10 per cent in the case of 367 items. The following table, comparing the number of preferences in the tariff of 1908–1911 and that of 1914–1917 with the present tariff, indicates the extent of the increase in preferences to Great Britain.

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37 The import prohibitions were withdrawn on May 19, 1920.
38 Commerce Reports, May 3, 1920, p. 668.
In extending the preference to Great Britain the Australian Government did not ask for a *quid pro quo*. The minister for trade and customs made it clear, however, that something in return was expected. "While we are quite willing to accord this large measure of protection to British industry, and give assistance to our kinsmen overseas," he stated, "I believe that that policy can not go on forever without reciprocity. I am very pleased to note that recently the British Parliament have made a start in the way of reciprocal relations with the Dominions. I hope it is only a beginning, and that the statesmen of Britain will see their way clear to recognize in some more substantial way than they have up to the present the value of reciprocal trade relationship which we are endeavoring to strengthen in the proposals now before us.

"I admit there are peculiar difficulties surrounding the position of Great Britain; but, still, a start has been made, which I hope is the beginning of better things. As I say, while the Commonwealth Government do not ask for a *quid pro quo*, the present position, as I have said, can not exist for all time."

The British preferential rates, either in whole or in part, may for reciprocal concessions be extended to other British Dominions.

The Intermediate Tariff.

A novel feature of the new measure is the intermediate tariff and the narrow restriction upon its grant. This may be applied to goods from countries which agree to trade reciprocity with Australia, but the minister for trade and customs is precluded from entering into negotiations for such reciprocity "if he is satisfied that the economic conditions—and this applies both to the Dominions of the British Crown and to other countries—in such Dominion or other country are substantially lower than those prevailing in Australia."

The Melbourne Age (Mar. 25, 1920), commenting on this provision of the measure, suggests that no country outside of one or two of the British Dominions, except America, can take advantage of the reciprocity provision.

In general, intermediate tariff rates are midway between the British preferential and the general tariff rates, although in many cases they are identical with the former or the latter. This variety

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of practice may be illustrated from the first three items of the tariff, thus:

<table>
<thead>
<tr>
<th>Item</th>
<th>British preferential</th>
<th>Interim duties</th>
<th>General tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ale, spirtuious, in bulk</td>
<td>2s.</td>
<td>2s. 3d.</td>
<td>2s. 6d.</td>
</tr>
<tr>
<td>2. Ale, nonspirituous, ad valoreum</td>
<td>25</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>3. Spirits—Brandy</td>
<td>27s.</td>
<td>27s.</td>
<td>28s.</td>
</tr>
</tbody>
</table>

All trade agreements are subject to ratification by the Commonwealth Parliament.

**Deferred Duties.**

Another feature of the Australian tariff which is included for the first time is the deferred duty,\(^2\) which is to become operative at a future date; thus, for example, under item 136 of the new tariff the duties on iron and steel (D), plate and sheet (plain), up to and including one-sixteenth of an inch in thickness, under the preferential tariff, the intermediate tariff, and the general tariff, are, respectively, free, 5 per cent, and 10 per cent; but on and after January 1, 1922, the rates will be, respectively, per ton 6s., 8s., 6d., and 10s. Similarly, under item 171 (B), the rates on reapers and binders as fixed under the three schedules were to be, respectively, free, 5 per cent, and 10 per cent, but on and after January 1, 1921, the rates were to be, on each machine, £6 10s., £9 10s., and £10, respectively, or ad valorem 30 per cent, 40 per cent, and 45 per cent, respectively, whichever rate yields the higher duty. These deferred duties, of which there are 22, are to be found mainly in the metals and machinery provisions of the tariff, and the purpose is to furnish protection to industries which are not yet able to supply the needs of the Commonwealth, but which give promise of being able to do so at an early date.\(^3\) The imposition of these deferred duties may be delayed beyond the dates indicated in the tariff at the discretion of the minister, who is expected to be guided by the progress made in the establishment of the industries.\(^4\)

**Penalty for dumping.**

The new tariff also places a penalty upon dumping by authorizing "an addition to the ordinary duty payable of an amount equal to the difference between the fair market value of the same article when sold for home consumption in the usual and ordinary course of trade and free on board in the country whence and at the time it

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\(^{2}\)Commonwealth of Australia, Parliamentary Debates, first session, 1920, p.714.

\(^{3}\)Mr. Greene stated, in introducing the tariff bill, that there was "very strong evidence of a desire on the part of big enterprises in Britain and elsewhere to establish industries in Australia. * * * I am glad to be able to say that it is principally from Britain that most of these proposals have come." (Ibid., pp. 715, 716.)

\(^{4}\)According to Mr. Mark Sheldon, trade commissioner in New York City for the Commonwealth of Australia, the operation of the deferred duties has been postponed in the case of the following commodities, item 136 (D, 3, and F), plain plate and sheet, and hoop iron and steel, deferred from Jan. 1, 1921, to Jan. 1: 1922; item 171 (A, C, and D), horse layrakes, mowers, and metal parts thereof, postponed from Jan. 1, 1921, to July 1, 1921; item 278 (A), carbonate and bicarbonate of soda, and item 388, metal cordage, postponed from Jan. 1, 1921, to Jan. 1, 1922; and item 397 (D), sporting powder, wads for cartridges, percussion caps, cartridges for military purposes, detonators, empty cartridge cases capped or uncapped, fuse cotton and electrical mining fuse, postponed from July 1, 1920, to Jan. 1, 1922. The deferred duties, other than the above, will come into force on the dates specified in the tariff. (Commerce Reports, Mar. 5, 1921, p.1296.)
was exported to Australia, and the dumped price, except in cases where the difference amounts to 5 per cent or less.\(^45\) (See p. 809.)

**Subsidized Foreign Vessels Penalized.**

The new measure provides for the imposition of a special tax upon goods carried by subsidized foreign vessels.\(^46\) This may be considered as adding preferences to British goods.\(^47\)

**Preferential Import Restrictions.**

In the course of the war, in order to conserve shipping space and to check the consumption of luxuries, import restrictions, partial or complete, were imposed in Australia on a great variety of products. In many cases exemptions from the restrictions were granted to British imports. To some extent this was due to the fact that, because a large proportion of the Australian exports went to Great Britain, return freight space from that country was available. But the desire to grant preference to British trade was an important factor in determining the policy of the Commonwealth with regard to import restrictions. Similar preference was shown with regard to exports, shipments of wool, for instance, being prohibited except to Great Britain.

Since the armistice all of the import restrictions have been removed. By proclamation of February 25, 1919, however, the importation of all dyes except those of British origin was prohibited except by special permission from the minister for trade and customs.\(^48\)

**IV. Preferential Features of Customs Administrative Laws.**

**Provisions Intended to Safeguard British Preference Against Abuse.**

Section 6 of the customs tariff act of 1908 provided that the preferential rates should apply "only to goods, the produce or manufacture of the United Kingdom, which are shipped in the United Kingdom to Australia and not transshipped, or if transshipped, then only if it is proved * * * that the goods have not, since they were shipped in the United Kingdom, been subjected to any process of manufacture."

Until 1911 the Australian customs authorities granted the preferential rates to goods imported from Great Britain if they were satisfied that at least 25 per cent of their value was represented by British labor utilized in their production, even though the goods were finished elsewhere than in Great Britain. By provisions which came into operation from September 1, 1911, and which were intended to prevent any abuse of the liberal interpretation by the Commonwealth of the term "produce or manufacture of the United Kingdom," it was required that goods only partially produced or manufactured in the United Kingdom, to be entitled to the preference (1) must have undergone the final process or processes of manufacture in the United Kingdom, and (2) must have involved, in their production, an expenditure in material of British production, or in

\(^{45}\) Commonwealth of Australia, Parliamentary Debates, first session, 1920, p. 714.

\(^{46}\) Ibid.

\(^{47}\) Melbourne Age, Mar. 25, 1920.

\(^{48}\) Board of Trade Journal, Mar. 20, 1919, p. 392.
British labor, amounting to not less, for each article, than one-fourth of the factory or works cost of such article in its finished state. Goods are admitted under the preferential tariff if the whole of the manufacturing processes have been performed in the United Kingdom, even though the proportion of value of British labor is less than the minimum prescribed for goods only partially manufactured in the United Kingdom.

The following items are specified as properly included under the heading of labor: (1) Raw materials of purely British origin; (2) manufacturing wages; (3) factory expenses, including proportion of fuel, supervision, etc.; (4) inside containers. The following items may not be included as labor: (1) Foreign material entering into the composition of the goods; (2) outside packages; (3) packing expenses; (4) manufacturer’s or exporter’s profit or profit of brokers, or agents dealing in the article in its finished, manufactured state; (5) carriage, insurance, etc., from place of production; (6) oversea freight and insurance; (7) dock dues; and (8) agent’s or other charges for or after exportation. Goods to be entitled to the preference “must be shipped from the United Kingdom direct to Australia.” Goods which, after shipment from the United Kingdom, have been transshipped at any port outside the United Kingdom may, however, still enter at the preferential rates, if they “have not entered into the commerce of or been subjected to any process of manufacture in any other country,” and if the transshipment has been solely for the purpose of the carriage of the goods to their destination.

CUSTOMS REGULATIONS DISCRIMINATE IN FAVOR OF CANADA.

Section 154 (a) of the customs act, 1901–1916, provides that “when any duty is imposed according to value, the value shall be taken to be the fair market value of the goods in the principal markets of the country whence the same were exported in the usual and ordinary commercial acceptance of the term and free on board at the port of export in such country, and a further addition of 10 per cent on such market value.” Some of the regulations promulgated in the administration of this provision operate to favor the trade of Canada in its competition with the United States.

Inland carriage is included in the value upon which duties are based. When the goods are shipped from the country where purchased, the whole inland carriage is included. When the goods are bought in one country and shipped from a contiguous country, the general rule is that there shall be included in the value for duty only the cost of inland freight to the frontier of the country in which the goods are purchased. “If goods are shipped from Chicago to Canada for transshipment at Vancouver, duty is chargeable only on the cost of inland freight from Chicago to the nearest point on the Canadian border. If, on the other hand, goods are shipped from Chicago to San Francisco, duty is leviable on the whole amount of inland freight from Chicago to San Francisco.”

This provision

49 Australia, Dept. of Trade and Customs, Customs Tariffs, 1908, 1911, and 1914, Melbourne, 1915, pp. 97 et seq.
50 Ibid.
50a By a ruling of Sept. 28, 1921, from the fair market value may be deducted any import or excise duties paid upon the goods in the form in which they were exported. (Commerce Reports, Oct. 31, 1921.)
51 Statement of comptroller general of Australian Department of Trade and Customs, U. S. Commerce Reports, Apr. 16, 1915, p. 270.
favors the use of Canadian railways and ports by American shippers, where the freight cost between the point of purchase and the American port exceeds the freight cost between the point of purchase and the nearest point on the Canadian border by an amount sufficient to make an appreciable difference for customs valuation.

The reverse, however, does not hold true. By a special regulation, goods imported from Canada via Vancouver are treated for duty purposes as if shipped from New York; i.e., duty on freight charges is levied only on what the charges would be from the place of manufacture to the nearest border station en route to New York. In the case of a shipment to Australia from the eastern part of the United States through an American port on the Pacific coast, the entire amount of inland freight would be included in the dutiable value. In the case of a shipment to Australia from Montreal by way of Vancouver, there is added for customs valuation only the freight charges from Montreal to the nearest border station en route to New York, even though the shipment does not take that route.

**EXCHANGE REGULATIONS.**

A customs decision of January 17, 1918, declared that for the duration of the war and for a period of six months following, the basis for assessment of duty should be the home consumption value at date of invoice and not at date of export, as provided in the customs regulations. On May 16, 1919, however, the High Court of Australia decided that the valuation at the date of export was the only legal basis for customs purposes.

During 1919 and 1920 several attempts were made by the department of trade and customs to adjust the assessment of duties on importations from countries with depreciated currencies. Finally, it sought to effect its purposes by legislation and succeeded in obtaining the passage of the customs act (No. 41) of 1920, which came into effect on November 12. It provided that—

> When the bank rate of exchange of any country is more than 10 per cent below the mint par rate of exchange, the minister shall refer to the board (Commonwealth Board of Trade) the question whether the bank rate of exchange should be used as the basis of the computation of the value for duty of goods imported from that country. (Sect. 157a [1].)

Shortly after the passage of the act a decision of the Commonwealth High Court made the use of the bank rate compulsory in converting all foreign currencies, whether above or below par. As a result of the court's decision, this provision of the law imposes a disadvantage upon the United States and other countries which enjoy a favorable rate of exchange with Australia.

An interesting feature of the law is its novel provision for preventing dumping by exchange regulations. The act provides that if goods from foreign countries are being offered in Australia "at prices below the fair market value for home consumption at the date of shipment of similar goods in the United Kingdom to Australia;"

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52 U. S. Dept. of Commerce, Daily Consular and Trade Reports, May 2, 1905; and Tariff Series, No. 37, Customs Tariff of Australia, pp. 16, 17.
54 Ibid., July 31, 1919, p. 151.
such goods may, on recommendation of the board of trade, be assessed for duty at the mint par rate of exchange.\textsuperscript{55}

The effect of this act was to make legal the customs decision that the value of goods, particularly from France, Italy, Belgium, and Czechoslovakia, was to be computed at the current bank rate of exchange.\textsuperscript{56}

V. Tariffs of Australia's Dependencies.

Situated in the neighborhood of Australia are a number of islands which are governed by Australia as dependencies. All of these have their own tariffs, and only in some minor instances does Australia grant to or receive from these dependencies preferential treatment in respect to customs duties.

PAPUA (BRITISH NEW GUINEA).

Papua, or British New Guinea, is the southeastern portion of the island of New Guinea,\textsuperscript{57} which lies north of Australia, in the South Pacific Ocean. Its area is 90,540 square miles, and the population is estimated at 250,000. It has been governed since September 1, 1906, as a dependency of the Commonwealth of Australia. Prior to that date it was governed by Great Britain as a Crown colony, but in association with Queensland.

Papua has a separate tariff, and in general the rates of this tariff are uniform without respect to the origin of the imports. There are, however, two minor preferences\textsuperscript{58} to Australian products—Australian wines, since 1911, and Australian tobacco, since 1914, being admitted at preferential rates. The tariff rates on wines and tobacco in the present Papuan tariff are as follows:

<table>
<thead>
<tr>
<th>Wine, sparkling</th>
<th>gallon</th>
<th>s.</th>
<th>d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine, Australian</td>
<td>do</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Wine, not elsewhere included:

(1) Containing not more than 40 per cent of proof spirit
(2) Containing more than 40 per cent of proof spirit

<table>
<thead>
<tr>
<th>Tobacco, trade</th>
<th>pound</th>
<th>s.</th>
<th>d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entirely grown and manufactured in Australia</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Made in Australia from imported leaf</td>
<td>2</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Not elsewhere included</td>
<td>3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NORFOLK ISLAND.

Norfolk Island is a small island, 8,500 acres in area, located 930 miles northeast of Sydney. The inhabitants, about 900 in number, are descendants of British sailors and Tahitian women. By a Commonwealth act of 1913, which came into effect on July 1, 1914, the island was taken over as a territory of the Commonwealth.\textsuperscript{59}

Norfolk Island has a separate tariff, containing only a few rates. The only preference\textsuperscript{60} in the tariff is on Australian tobacco. Manufactured and unmanufactured Australian leaf tobacco pays 2 shillings a pound, whereas other leaf tobacco pays 3 shillings a pound.

\textsuperscript{55} The text of the act may be found in the Board of Trade Journal, Dec. 9, 1920.
\textsuperscript{56} Ibid., Nov. 18, 1920, p. 611.
\textsuperscript{57} And adjoining islands with an area of 2,754 square miles.
\textsuperscript{58} But see p. 559.
\textsuperscript{59} From 1854 to 1859 the island was annexed to Tasmania. From 1866 to 1897 it was governed as a distinct and separate settlement under the jurisdiction of New South Wales. In 1897 it was made a dependency under the governor of New South Wales.
\textsuperscript{60} But see p. 64.
The former German portion of New Guinea, together with the Bismarck Archipelago and the Solomon Islands, has been assigned to Australia as mandated territory. They are treated in the appendix to the chapter on German colonies, under the heading "Present status of former German colonies and of other mandated territories."

PREFERENCE TO PRODUCTS GROWN BY BRITISH SETTLERS IN THE NEW HEBRIDES.

The New Hebrides are a group of about 80 islands, with a total area of approximately 5,000 square miles, situated 1,000 miles north of New Zealand, in the South Pacific Ocean. Europeans first began to settle in the islands in the seventies, and disputes soon arose between Great Britain and France as to jurisdiction within the group. In 1888 a convention was entered into between the two countries which placed the islands under the control of a joint naval commission, consisting of naval officers of both powers. This method of control continued until February 28, 1906, when a convention was signed at London providing for a condominium, or system of dual administration, by France and Great Britain.

The principal product of the islands is copra, but maize (Indian corn) is commonly grown by the settler of small capital to tide him over the period during which the coconut trees are maturing. Since 1901 the French settlers in the New Hebrides have enjoyed preferential treatment for their maize and certain other products in France and in New Caledonia. The British settlers export their maize almost wholly to Australia, where it is subject to a high duty.

In the British House of Commons on February 19, 1907, a member stated that the Australian tariff was limiting the number of British settlers in the New Hebrides and retarding the development of British interests, and asked whether, "in the event of further representations being made by the Australian Government with a view to Australian predominance in the New Hebrides, His Majesty's Government will endeavor to persuade the Australian Government to encourage British settlement by offering a free market in the Commonwealth to British merchandise exported from the islands." To this the undersecretary for the colonies replied that the Australian Government was about to submit to the Commonwealth Parliament tariff proposals which would be designed to minimize the disabilities under which British settlers in the New Hebrides were then laboring.

At the colonial conference of 1907 Mr. Deakin stated, in reference to this discussion, that Australia had asked the imperial authorities in February, 1907, whether it could give preference to New Hebrides maize and had been informed that such action would conflict with treaty obligations. He pointed out that Australia subsidized steamers which served the British settlers and that in return the freight rates on maize had been lowered by 75 per cent.

No provision has been found in the Australian tariff laws for a preference to New Hebrides products. The statement is often made

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61 See p. 222.
in official papers, however, that half the Australian duty on maize, which is now 2s. per cental, is remitted when the maize is grown by British settlers in the New Hebrides. 63

The statement has also been made that there is an arrangement between the Commonwealth of Australia and the British planters in New Hebrides whereby Australia grants a subsidy of £4 per ton on imports of British-grown coffee from the New Hebrides. 64

In March, 1915, the Commonwealth Government appointed a commission to investigate the trade relations of Australia and the New Hebrides. This commission recommended, among other things, that the whole of the Australian import duty on maize grown in New Hebrides be remitted. 65 In the New Hebrides there is a tariff in which 10 per cent ad valorem is the prevailing rate upon imports. 66

VI. Summary.

Before the adoption by Great Britain of the policy of free trade the Australian colonies enjoyed preferential treatment for their products in Great Britain and were required to grant in return tariff preference to British imports. But after the adoption of the free-trade policy, the Australian colonies were not permitted to impose differential duties on foreign imports or to establish differential duties in favor of each other. This restriction continued until the federation of the Australian colonies in the Commonwealth, in 1901.

The constitutional act authorizing federation provided for free trade among the States of the Commonwealth but otherwise left Australia free to determine its own tariff policy. British goods received the same tariff treatment as products of foreign countries until 1907, when Australia, following the lead of other British Dominions, established preference in favor of the imports from the mother country. The preference was granted on about half of the dutiable items in the tariff of 1907–8, and amounted in most cases approximately to 5 per cent ad valorem. It affected about one-third of all imports and about 60 per cent of the imports from the United Kingdom.

The preference to Great Britain was increased in 1911 by the extension of the preferential rates to over 20 items which under the tariff of 1907–8 had been subject to uniform duties. In the tariff of 1914 a further increase of preference to British products was made. Some goods formerly free from all countries were subjected to new duties under the general tariff but continued to be free if imported from Great Britain; some goods formerly dutiable at uniform rates from all countries were subjected to increased duties under the general tariff, the duties on imports from the United Kingdom remaining unaltered or being subjected to smaller increases; and goods formerly dutiable under the general tariff but entering at preferential rates when of United Kingdom origin were subjected to increased duties under the general tariff, while the preferential rates

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64 Interstate Commission of Australia, op. cit., p. 40.


continued unaltered or were not increased to the same extent. The preference, based on the figures of imports for 1913, was equal to 6.3 per cent of the value of the total imports of United Kingdom goods favored by the preference and affected 79 per cent of the total imports from the United Kingdom.

The tariff of 1920 marked a substantial increase in protection over its predecessors, but also granted a marked increase in the preference to imports from the United Kingdom. It established 95 new duties, all of them on articles formerly imported free from the United Kingdom, and increased the rates both of the general and preferential tariffs, but the preference which British goods enjoy over foreign goods is greater in most cases than before. The following tabular statement strikingly illustrates the increases of preferences in the new tariff over those in force in 1911 and 1914:

<table>
<thead>
<tr>
<th>Preference</th>
<th>1911 tariff items</th>
<th>1914 tariff items</th>
<th>1920 tariff items</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 per cent</td>
<td>237</td>
<td>302</td>
<td>24</td>
</tr>
<tr>
<td>7½ per cent</td>
<td>4</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>10 per cent</td>
<td>10</td>
<td>120</td>
<td>367</td>
</tr>
<tr>
<td>12½ per cent</td>
<td></td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>15 per cent</td>
<td></td>
<td></td>
<td>138</td>
</tr>
<tr>
<td>20 per cent</td>
<td></td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Total all rates</td>
<td>231</td>
<td>426</td>
<td>588</td>
</tr>
</tbody>
</table>

Australia in granting preference to the mother country took care that the grant of preference should not result in injury to any Australian industry. In practically every instance in which a preference was granted the grant was made by increasing the duties on foreign products, not by reducing them on imports from Great Britain, and as a rule British goods after each extension or increase of the preference have paid higher duties than before. Australia has also made it plain that, while the preference was granted gratis, something in return was expected. Indeed, the grant of preference was made partly in the belief that such action would cause the mother country to change its policy and grant reciprocal preference to Dominion products.

Australia has carried on negotiations for reciprocal preference with Canada, New Zealand, and British South Africa, but only in the case of South Africa were the negotiations successful. Canada and Australia were never able to come to an agreement owing, principally, to the fact that the products for which Canada especially sought preference were of a kind whose manufacture in Australia was particularly desired and with regard to which Australia would grant no tariff concessions. With New Zealand a trade agreement was negotiated in 1906, which agreement was ratified by the Australian Parliament but rejected by the Parliament of New Zealand. The agreement with South Africa was entered into in 1906. Under the agreement Australia receives the benefit of the preferential tariff of South Africa and grants in return a reduction in duties, amounting in most cases to 25 per cent less than the rates imposed by the customs tariff of 1902 on imports of a specified list of South African products.
The Australian tariff of 1920 contains an intermediate schedule of rates between the British preferential tariff and the general tariff and authorizes the Government to extend these rates to countries which agree to trade reciprocity with Australia. British Dominions may negotiate for these rates, but the minister for trade and customs is precluded from entering into negotiations for such reciprocity “if he is satisfied that the economic conditions—and this applies both to the Dominions of the British Crown and to other countries—in such Dominion or other country are substantially lower than those prevailing in Australia.” The Melbourne Age suggests that no country outside of one or two of the British Dominions, except America, can take advantage of the reciprocity provision.

It is interesting to note that, while Australia has urged at colonial conferences that the preferences accorded by the colonies to the mother country be also granted to other self-governing Dominions, its policy has been less in harmony with this principle than the corresponding policy of any other portion of the Empire. Every measure of preference granted or proposed by Australia has been restricted to the particular portion of the Empire under consideration at the moment and there has been no instance in the history of the preferential policy in Australia of the extension to one portion of the Empire of a preference which had originally been granted to another.

(Bibliography on page 832.)

Addendum.

Proposed Anti-Dumping Legislation.—On July 6, 1921, the Australian Minister of Customs submitted a series of resolutions in the House of Representatives defining not only the ordinary dumping (i.e., anti-dumping) duty, but also a dumping below cost duty, a dumping consignment duty, a dumping freight duty, a dumping exchange duty, a dumping preference duty, and a dumped material duty. These duties are to fall on foreign products which compete with Australian products and which are to be specified from time to time in the Commonwealth Gazette. The below cost duty and the consignment duty will be equal to the difference between a reasonable price and, respectively, the export price, and the wholesale price in Australia of consigned goods. The freight duty is fixed at 5 per cent of the fair market value at date of shipment and is applicable to imports which for any reason are charged with less than the prevailing rate of freight. The exchange duty is based on a sliding scale by which the rate is 8 per cent when francs or lire stand in the London market at the date of export at 30 and up to 35 to the pound sterling; 40 per cent when they stand at 70 to 75; 50 per cent, at 100 to 105; and 68 per cent, at 200 to 205. A similar scale is established for marks, starting at 10 per cent and reaching a maximum of 75 per cent when marks stand at or over 240 to the pound sterling. The preference dumping duty is to be levied on goods of a kind produced in the United Kingdom but exported from a country whose currency is depreciated as compared to the pound sterling, and the rate is to be the difference between the fair market value f.o.b. in the United Kingdom and the export price in the other country. The dumped material duty is to be levied on goods produced in a foreign country from raw materials obtained from another country whose currency is depreciated, and the rate is to be the difference in the price of sale, and that at which the goods could have been sold, at a reasonable profit, had they been made of materials of local origin. (Melbourne Age, July 7, 1921.)
Chapter XVIII.

PREFERENCE IN GREAT BRITAIN SINCE 1914.

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<td>Value of the preference to the colonies</td>
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<td>832</td>
</tr>
</tbody>
</table>

I. War-Time Movement for Imperial Preference.

EFFECT OF THE WAR ON BRITISH TARIFF SENTIMENT.

During the war there was an active movement in Great Britain toward a modification of the traditional free-trade policy of that country. The causes for this change of sentiment differed widely in different groups, as did also the modifications that were suggested. But opinion was distinctly strengthened that the Dominions, which had for some time been granting preference to British imports and which had responded so generously to Great Britain's call for military assistance, should be given a preference in the tariff of the mother country.

It is difficult to characterize accurately a contemporary political movement; the safest method is to chronicle and summarize outstanding events and the chief pronouncements favorable to the formal adoption of a new fiscal policy. A sentiment favorable to protection, accompanied by preference to the colonies, was reflected in the press and in the speeches of public men soon after the outbreak of the war, but it was not until early in 1916 that steps toward a change in Government policy were taken.

CHANGES IN THE COMPOSITION OF THE CABINET.

At the outbreak of the war a Liberal cabinet, definitely committed to free trade, was in office, and the Liberal Party, in cooperation with the Labor members and the Irish Nationalists, controlled the House of Commons; but in the middle of 1915, in order to secure in Parlia-
ment united support of the Government’s war program, a coalition cabinet was formed by the inclusion of a number of Unionists and a Labor member. The change in the composition of the cabinet and the increasing influence of Unionists in the House of Commons led to a more favorable attitude in Parliament toward suggestions of industrial protection and colonial preference.

On January 10, 1916, Mr. W. A. S. Hewins ¹ moved in the House of Commons that the Government consult with the Governments of the Dominions “in order to bring the whole economic strength of the Empire into cooperation with our Allies in a policy directed against the enemy.” In explaining the motion Mr. Hewins showed that what he particularly had in mind was the development of a plan for the imperial control of the mineral and other resources of the Empire. The motion was carried without a division and among those who spoke for it were many members who had always been known as free-traders.

Early in 1916 the directors of the Manchester Chamber of Commerce, an old stronghold of free trade, proposed to the members that a vote be taken upon a resolution affirming the principle of free trade. To their surprise, the motion was rejected by a great majority, and upon the resignation of the directors, a new council favorable to protection was elected.

On May 25, 1916, the council of the London Chamber of Commerce adopted a program for a graded tariff imposing different rates, in an ascending scale, upon products of British Empire countries, Allies, neutrals, and enemy countries.² It is to be noted that in this proposal the grant of preference to the colonies over and above the favorable treatment given to the Allies was to be small in amount and was to be conditional upon the grant of equivalent preference by the colonies to Great Britain.


[Rates of duties under tentative tariff.]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Wholly manufactured goods</td>
<td>30 per cent ad valorem.</td>
<td>20 per cent ad valorem.</td>
<td>10 per cent ad valorem.</td>
</tr>
<tr>
<td>(b) Semimanufactured goods and articles used solely as raw materials</td>
<td>15 per cent ad valorem.</td>
<td>10 per cent ad valorem.</td>
<td>5 per cent ad valorem.</td>
</tr>
<tr>
<td>(c) Foodstuffs, manufactured.</td>
<td>7 per cent ad valorem.</td>
<td>5 per cent ad valorem.</td>
<td>2½ per cent ad valorem.</td>
</tr>
<tr>
<td>(d) Foodstuffs, raw.</td>
<td>5 per cent ad valorem.</td>
<td>2½ per cent ad valorem.</td>
<td>Free.</td>
</tr>
<tr>
<td>(f) Wines, spirits, beer, tobacco, and other articles now subject to duty.</td>
<td>War rates plus 50 per cent.</td>
<td>War rates.</td>
<td>War rates.</td>
</tr>
</tbody>
</table>

* Subject to any rebate equivalent to preference accorded goods from the United Kingdom.  
Note.—Should any neutral country accord a tariff preference to any other country, a surtax equivalent to the preference to be imposed on goods imported into the United Kingdom.

¹ Parliamentary Under-Secretary of State for the Colonies, 1917-1919.  
From June 14 to 17, 1916, representatives of all the allied countries met at the Paris economic conference. The military situation of the Allies was critical, reports of the economic organization of a Mittel-Europa were rife, and the Allies were considering economic warfare as a means of reinforcing their military program. Resolutions for permanent measures of economic alliance among the Allies were adopted with the object of making them independent of the Central Powers in raw materials, finance, commerce, and shipping. A period of time was to be fixed by agreement during which the commerce of the enemy powers should be especially penalized. The resolutions adopted were couched in careful language and committed the signatories, publicly at least, to no definite measures, but their fulfillment could not well be accomplished without resort to protective tariffs. Mr. Asquith, in announcing the results of the conference, stated that Sir G. E. Foster for Canada and Mr. W. M. Hughes for Australia had subscribed to the resolutions.

The first coalition cabinet was still predominantly liberal in character, however, and Mr. Asquith continued as prime minister. But in December, 1916, Mr. Lloyd George demanded that a war cabinet consisting of himself, Mr. Arthur Henderson, a Labor member, Lord Curzon and Mr. A. Bonar Law, both Unionists, be charged with the conduct of the war. This demand led to the resignation of Mr. Asquith, and to the construction of a second coalition cabinet, with Mr. Lloyd George as prime minister, and a majority of Unionists in the ministry.

THE COMMITTEE ON COMMERCIAL AND INDUSTRIAL POLICY AFTER THE WAR.

On July 19, 1916, an official committee was appointed in Great Britain—to consider the commercial and industrial policy to be adopted after the war, with special reference to the conclusions reached at the economic conference of the Allies, and to the following questions: (1) What industries are essential to the future safety of the nation, and what steps should be taken to maintain or establish them; (2) what steps should be taken to recover home and foreign trade lost during the war and to secure new markets; (3) to what extent and by what means the resources of the Empire should and can be developed; and (4) to what extent and by what means the sources of supply within the Empire can be prevented from falling under foreign control.

In March, 1917, in an interim report, the committee supported the policy of preference in the following terms:

1. In the light of experience gained during the war, we consider that special steps must be taken to stimulate the production of foodstuffs, raw materials, and manufactured articles within the Empire wherever the expansion of production is possible and economically desirable for the safety and welfare of the Empire as a whole.

2. We therefore recommend that H. M. Government should now declare their adherence to the principle that preference should be accorded to the products and manufactures of the British overseas dominions in respect of any customs duties now or hereafter to be imposed on imports into the United Kingdom.

3. Further, it will, in our opinion, be necessary to take into early consideration, as one of the methods of achieving the above objects, the desirability of establishing a wider range of customs duties which would be remitted or reduced on the products and manufactures of the Empire and which would form the basis of commercial treaties with allied and neutral powers.3

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Several weeks later the imperial war conference of 1917 indorsed the principle of preference, in the following resolution which had previously been approved by the imperial war cabinet:

The time has arrived when all possible encouragement should be given to the development of imperial resources, and especially to making the Empire independent of other countries in respect of food supplies, raw materials, and essential industries. With these objects in view this conference expresses itself in favor of the principle that each part of the Empire, having due regard to the interests of our Allies, shall give specially favorable treatment and facilities to the produce and manufactures of other parts of the Empire.  

On April 27, 1917, Mr. Lloyd George declared that in his opinion a system of preference could be established without involving the taxation of food. "We believe it can be done without that," he stated, "and, of course, when food is at its scarcest and dearest, that is not the time to talk about additional burdens upon it." Mr. Bonar Law, on the same day, made the statement that "the resolution of the recent imperial conference does not involve the taxation of food."  

**FINAL REPORT OF THE COMMITTEE ON COMMERCIAL AND INDUSTRIAL POLICY.**

On February 2, 1918, the Final Report of the Committee on Commercial and Industrial Policy after the War was submitted. A majority of the committee recommended that a serious attempt should be made to meet the declared wishes of the Dominions and colonies and of India for the readjustment and development of their economic relations with the United Kingdom. It considered the proposal that a comprehensive tariff scheme covering the whole range of imports into the United Kingdom be adopted and that it should provide for the free importation of essential foodstuffs and "absolutely raw" materials, for the imposition of moderate duties on all other commodities, and for the preferential reduction or the remission of these duties on imports from the British colonies. The committee however presented its reasons for believing that so comprehensive an establishment of protective duties would operate injuriously to British commerce and industry, and it recommended that protective duties should be established only after thorough examination of each industry requesting protection, with careful consideration of its importance to British industry in general, and of the effect of the protective duties on British export and transit trade.

The report pointed out that any tariff which could serve for the establishment of a considerable measure of preference in the British market to the products of the Dominions would have to be extended to a wide range of foodstuffs and possibly even raw materials. It directed attention, therefore, to the expediency of considering measures of imperial preference other than the imposition of differential customs duties as, for example, Government contracts to purchase for a term of years at guaranteed minimum prices part or all of the

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colonial output of materials of great industrial importance, or financial assistance from the Imperial Government toward the development of colonial resources.

The report summarized its conclusions with regard to preference in the following statement, which, it is to be noted, corresponds closely to the resolution of the colonial conference of 1902:

4. Preferential treatment should be accorded to the British overseas dominions and possessions in respect of any customs duties now, or hereafter to be, imposed in the United Kingdom, and consideration should be given to the expediency of other forms of imperial preference.

STATEMENTS BY BRITISH OFFICIALS WITH REGARD TO IMPERIAL PREFERENCE.

In the latter half of 1918 the numerous resolutions in support of preference to the colonies passed by governmental committees and public bodies were followed by pronouncements by members of the cabinet, chiefly Unionists, indicating a readiness on the part of the Government, when normal conditions returned, to carry out these recommendations.

On July 24, 1918, Mr. Walter Long, then colonial secretary, stated that the committee which had been appointed by the war cabinet to consider the question of trade within the Empire after the war had decided on a scheme adopting preference within the Empire, and that the plan had met with the approval of the war cabinet, and, he trusted, would be approved by the Empire as a whole.7

On July 29, 1918, Mr. Bonar Law, then chancellor of the exchequer, stated in the House of Commons that the Government had decided to adopt the policy of imperial preference after the war, and that there would be a preference in duties as well as in transportation. The preference would not involve a tax on food. "All that has happened," he said, "is that this Government has put itself into line with the other Governments of the Dominions in accepting this principle." The preference would conform to the resolutions subscribed to at the colonial conference by all except the British Government to the effect that preference should be granted in Great Britain on any existing duties and on any duties which should subsequently be imposed. He denied that the policy of preference was in conflict with the League of Nations principle.8

On July 30, 1918, Mr. Bonar Law stated to a deputation of manufacturers that the principle of preference had been adopted by the Government and that one of the principal advantages to be derived from the policy would be that the colonies would cooperate in preserving the raw materials of the Empire for the Empire.9

Premier Borden of Canada had made a statement dissociating Canada from any part in the formulation by the imperial war conference and the imperial war cabinet of the fiscal policy of Great Britain.10 Questioned on this point in the House on August 1, 1918, Mr. Bonar Law replied that the decisions of the British Government had been reached independently of the colonial representatives, and

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1 The Times (London), July 25, 1918.
3 Manchester Guardian, Aug. 2, 1918.
4 But see p. 816.
the question of the fiscal policy to be adopted, whether by the United Kingdom or by the Dominions, must be settled by each independently.\textsuperscript{11}

GREAT BRITAIN WITHDRAWS FROM THE BRUSSELS SUGAR CONVENTION

In September, 1918, the British Government withdrew absolutely from all obligations\textsuperscript{12} with regard to the Brussels convention, offering the following explanation:

His Majesty's Government have now approved the principle of giving preference to Empire sugar, although in so doing they will have careful regard to the interests of their Allies and particularly to the necessity of aiding those who have suffered special economic injury from the ravages of war.

They have decided, therefore, to liberate themselves absolutely from all engagements toward the signatory powers of the international sugar convention. His Majesty's minister at Havre has accordingly been instructed to approach the Belgian Government and request them to inform the powers concerned that His Majesty's Government have decided to resume complete liberty of action in regard to all sugar questions, and that they now give the requisite six month's notice to that effect, in accordance with their undertaking when they withdrew from the convention.\textsuperscript{13}

Although the coalition government was carrying out the policy of the previous Liberal government in withdrawing from the convention, the motives in the two cases were altogether different. The Liberals had opposed the convention because they believed it prevented British manufacturers from getting cheap sugar. The coalition government opposed the convention because it obligated Great Britain not to establish a preference in favor of colonial sugar.

THE COALITION MANIFESTO.

A manifesto issued November 21, 1918, by Mr. Lloyd George and Mr. Bonar Law prior to the approaching election, set forth the coalition program on imperial preference as follows:

It will be the fundamental object of the coalition to promote the unity and development of our Empire and of the nations of which it is composed, to preserve for them the position and influence and authority which they have gained by their sacrifices and efforts in the cause of human liberty and progress, and to bring into being such conditions of living for the inhabitants of the British Isles as will secure plenty and opportunity for all.

Until the country has returned to normal industrial conditions it would be premature to prescribe a fiscal policy intended for permanence. We must endeavor to reduce the war debt in such a manner as may inflict the least injury to industry and credit.

\textsuperscript{11} See, however, p. 816.

\textsuperscript{12} In the election campaign of 1905-6 the Liberal Party pledged itself, if successful at the polls, to denounce the Brussels sugar convention at the earliest opportunity on the ground that it was in violation of the principles of free trade. The convention bound the signatories until Sept. 1, 1908. Thereafter any party to the convention could withdraw after giving one year's notice. Soon after the victory of the Liberals in the general election, chambers of commerce and other representative bodies throughout the Empire, but especially in the sugar-growing colonies, sent in petitions to the new government requesting that Great Britain protect the colonial cane-sugar industries by giving its continued support to the convention. After prolonged negotiations with the other parties to the convention, Great Britain agreed to remain in the convention, which was modified to leave her free to import bounty-fed sugar without imposing any special duty, but she was not to reexport products made of bounty-fed sugar to any of the convention countries. Russia, the only bounty-giving country of any consequence which had not entered the Convention in 1902, became a party to it in this year with the reservation that she was to be left free to continue her bounty system, but was to limit her annual exports of sugar after 1906 to 200,000 tons. In 1912 this revised convention was to terminate, and this time, because of opposition to it by free traders and by manufacturers who wished again to have bounty sugar, Great Britain withdrew from all obligations under the convention as from Sept. 1, 1913. Great Britain undertook, however, to give six months' notice, before departing from the fundamental principles of the convention by granting either bounties on the exportation of sugar or a preference to colonial sugar, or, again, by subjecting to different rates beet and cane sugar. (Board of Trade Journal, Sept. 5, 1918, p. 365.)

\textsuperscript{13} Board of Trade Journal, Sept. 5, 1918, p. 306.
The country will need all the food, all the raw materials, and all the credit which it can obtain, and fresh taxes ought not to be imposed on food or upon the raw materials of our industry. At the same time a preference will be given to our colonies upon existing duties and upon any duties which for our own purposes may be subsequently imposed.

One of the lessons which have been most clearly taught us by the war is the danger to the nation of being dependent upon other countries for vital supplies on which the life of the nation may depend. It is the intention, therefore, of the Government to preserve and sustain where necessary these key industries in the way which experience and examination may prove to be best adapted for the purpose.

If production is to be maintained at the highest limit at home, security must be given against the unfair competition to which our industries may be subjected by the dumping of goods produced abroad and sold on our market below the actual cost of production.

These pronouncements in favor of imperial preference indicated that as soon as more normal conditions returned the Government would definitely align itself in support of a program of preference to the colonies following closely the lines laid down in the resolutions supported by the colonial representatives at the imperial conferences of 1902 and 1907. In conformity with these resolutions, the British Government promised to introduce measures for preferential rebates from existing duties on colonial imports. These measures were to be decided upon independently by the British Parliament and not by agreement with the colonies; they were not to necessitate new taxes on imports and especially on imports of foods; and, in response to the war-time sentiment in favor of the imperial control of the resources in raw materials of the Empire, they were to make provision for the reservation to the citizens of the Empire of its natural resources. The victory of the coalition forces in the general election of December 14, 1918, promised an early enactment of measures to carry out the policy of preference.

II. THE ESTABLISHMENT OF PREFERENCES.

TARIFF ACT OF 1919.

On April 30, 1919, Mr. Austen Chamberlain, chancellor of the exchequer, introduced proposals for preferential rebates on imports from the colonies of articles dutiable under the existing tariff. He pointed out that the range of the British tariff was not large and that the only important colonial products which were affected by it were tea, cocoa, and rum. There were other dutiable articles, however, of which he specifically named coffee, sugar, tobacco, and wine, which were imported from the colonies to some extent and would profit by a preference. "For the present, my task is only to give effect and assent to the declaration of the imperial war cabinet and the imperial war conference two years ago, in which the representatives of the British Government concurred, that as soon as possible preference on duties now or hereafter existing should be introduced for goods of imperial origin." Although he regarded these proposals as a "small beginning," he saw possibilities of a wide extension of intra-imperial trade. Four main considerations, he explained, had

11 House of Commons Parliamentary Debates, vol. 115, No. 52, p. 124. Mr. Chamberlain's statement once more implies that the decision to establish preference was reached in 1917 by agreement with representatives of the colonies. Note, however, the disavowal by Premier Borden of Canada (p. 814) and by Mr. Bonar Law (p. 815).
been taken into account in deciding the form which preference should take:

In the first place the preference should be substantial in amount. In the next place the rates should as far as possible be few and simple. Thirdly, where there is an existing excise duty corresponding to the customs duty which is affected, the excise duty must be proportionately altered. We can not give preference at the expense of the home producer. Lastly, in carrying out this policy I have to remember the interests of our Allies and, as far as practicable, to avoid increasing duties on their products for the purpose of giving preference.15

THE TERMS OF THE PREFERENCE.

The finance act of 1915 had enacted new customs duties on cinematograph films, clocks and watches, motor cars, and musical instruments, which were declared to be intended as sumptuary legislation, but which were protective in character and carried with them no corresponding excise duties. On these duties the budget proposed a preference of one-third of the general rates.

The other duties in the British tariff were purely revenue duties, and in many cases their ad valorem equivalent was very high. "A preference of one-third on these articles," Mr. Chamberlain declared, "would be both more than I could afford, and more than I think is necessary or justified. * * * But on consideration of all the facts, I have come to the conclusion that one-sixth would be an effective preference on these articles." The preferences on articles in both of these classes were, with some exceptions noted later, to be given by rebates on colonial imports and not by surtaxes on foreign goods.

Wine and spirits and beer, mineral waters, and matches were to receive special treatment. On beer, mineral waters, and matches no preference was to be given, partly because there were practically no importations from the colonies, partly because the arrangement of a preference would be complicated and difficult. The duties on wine were levied at two rates, 1 shilling 3 pence and 3 shillings a gallon, according to alcoholic strength. A preference of one-sixth of the duties would be too small to be effective, while in consideration of the interests of the Allies, notably of France and Portugal, it was inadvisable at this time to raise the duties. A preference of 6 pence per gallon was therefore to be granted on the lower rate of 1 shilling 3 pence and of 1 shilling on the higher rate of 3 shillings. There were additional taxes of 1 shilling a gallon on still wines and 2 shillings 6 pence a gallon on sparkling wines, and from these additional taxes rebates of 6 and 9 pence, respectively, were to be granted on colonial imports.

With regard to spirits, the important yield of revenue from the excise duties made it expedient that preference should be given in a form which would not appreciably reduce the yield of revenue. The preference was therefore to be established by imposing a surtax on foreign imports of 2 shillings 6 pence per gallon instead of by a rebate on colonial imports. The surtax is considerably less than one-sixth of the existing duties, but the amount fixed was thought sufficient to constitute an effective preference.

Mr. Chamberlain estimated that, without allowance for any increase in the imports of colonial products, the preference proposals would

15 Ibid.
involve a loss of £3,000,000 in revenue per annum, the great bulk of this loss being in connection with tea. As the bulk of the tea imports came from the colonies, postponement of the introduction of the new rate might have led to withholding of stock, and resulted in a shortage in Great Britain. The preference on tea, therefore, was made effective on June 2, 1919. The other preferences came into force on September 1, 1919, in accordance with the following text:

(1) With a view to conferring a preference in the case of Empire products, the duties of customs on the goods specified in the second schedule to this Act shall, on and after the dates provided for in that schedule, be charged at the reduced rates (hereinafter referred to as "preferential rates") shown in the second column of that schedule, where the goods are shown to the satisfaction of the commissioners of customs and excise to have been consigned from and grown, produced or manufactured in the British Empire.

For the purposes of this section—
"The British Empire" means any of His Majesty's dominions outside Great Britain and Ireland, and any territories under His Majesty's protection, and includes India;
Provided, That where any territory becomes a territory under His Majesty's protection, or is a territory in respect of which a mandate of the League of Nations is exercised by the government of any part of His Majesty's dominions, His Majesty may by order in council direct that that territory shall be included within the definition of the British Empire for the purposes of this section, and this section shall have effect accordingly.

Goods shall not be deemed to have been manufactured in the British Empire as aforesaid unless such proportion of their value as is prescribed by regulations made by the Board of Trade is the result of labor within the British Empire.

(2) Where the Board of Trade is satisfied as respects any class of goods to which the preferential duties apply that those articles are to a considerable extent manufactured in the British Empire from material which is not wholly grown or produced in the Empire, the board may by order direct that the preferential rate shall be charged only in respect of such proportion of those goods as corresponds to the proportion of dutiable material used in their manufacture which is shown to have been grown or produced in the Empire.

(3) Where goods are manufactured in a bonded factory in Great Britain or Ireland from dutiable material shown to the satisfaction of the commissioners of customs and excise to have been consigned from and grown or produced in the British Empire, the duty on the manufactured goods shall, to the extent to which they are shown to have been manufactured out of such material, be charged at the preferential rate.

(4) Any order in council made under this section shall be laid before each House of Parliament withith, and, if an address is presented to His Majesty by either House of Parliament within the next subsequent 21 days on which the House has sat next after the order or the regulations are laid before it, praying that the order or regulations may be annulled, His Majesty in council may annul the order or regulations, and the order or regulations shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

*Preferential rates.*

<table>
<thead>
<tr>
<th>Goods</th>
<th>Rate of duty</th>
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<tbody>
<tr>
<td>Tea</td>
<td>Five-sixths of the full rate</td>
</tr>
<tr>
<td>Cocoa</td>
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<td>Coffee</td>
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<td>Chickory</td>
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<tr>
<td>Currants</td>
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<tr>
<td>Dried or preserved fruit (within the meaning of s. 8 of the finance (No. 2) act, 1915)</td>
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<tr>
<td>Sugar</td>
<td></td>
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<tr>
<td>Glucose</td>
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<td>Molasses</td>
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<td>Saccharin</td>
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<td>Motor spirit</td>
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<tr>
<td>Tobacco</td>
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</table>
GREAT BRITAIN SINCE 1914.

Articles chargeable with the new import duties imposed by s. 12 of the finance (No. 2) act, 1918. Two-thirds of the full rate.

Rate of duty.

Wine:
Not exceeding 30° of proof spirit........ 60 per cent of the full rate.
Exceeding 30° of proof spirit.......... 66½ per cent of the full rate.
Sparkling wine in bottle (additional duty) 70 per cent of the full rate.
Still wine in bottle (additional duty) .... 50 per cent of the full rate.

Spirit. Rates equivalent to the full rates as chargeable under this act up to Sept. 1, 1919.16

The preferential rates shall be charged—
(a) In the case of tea, on and after the 2d day of June, 1919.
(b) In the case of any other goods, on and after the 1st day of September, 1919.

A break in the series of resolutions favorable to the policy of preference occurred early in September, 1918, when the British Labor Congress, by a majority of five to one, passed a resolution declaring that the war had not changed the soundness of the principles of free trade, and urging upon the Government the danger of imposing protective duties.

On October 17, 1918, Mr. Hewins, in answer to a question in the House of Commons, replied that the policy of preference had not been decided upon by "arrangement" with the colonies and that it would be applied to the whole of the British Empire.17

In a letter which Mr. Bonar Law made public on November 12, 1918, Mr. Lloyd George repeated his acceptance of the principle of imperial preference as defined in the imperial conference resolution, and added that although he made a reservation with regard to taxation of food, this would not interfere with the grant of preference on any foodstuffs, as, for example, tea and coffee, which had already been subjected to duty.

DISCUSSION IN PARLIAMENT.

To intimations of Sir Donald MacLean, the leader in the House of Commons of the opposition Liberals, that Mr. Chamberlain's use of words "small beginning" in connection with his preference proposals meant that there would be taxes on food, Mr. Chamberlain replied, as follows:

Personally, I have never repented of my support of a tax on food in prewar times, and have never given anybody any reason to be doubtful of my opinion upon the subject; but it is no proposal of His present Majesty's Government to place new duties upon food, and what I had in mind when I used the words my right honorable friend has quoted was that imperial trade now actually done in the articles made the subject of preference will, I believe, under that preference, enormously extend within the lifetime of many members [of the House] * * * but all I had in mind * * * was the effect of the actual preference proposed in the present budget.18

Criticism of specific details of the proposals was directed especially against the preference on tea. Emphasis was laid by the Liberal and Labor critics on the fact that almost 90 per cent of the imports of tea already came normally from British colonies or dependencies, and that the cheaper Chinese teas were needed in England for mixing with the British-grown product. It was also urged that the prefer-

16 The general rates on and after Sept. 1, 1919, were to be 2s. 6d. per gallon higher.
17 House of Commons, Parliamentary Debates, vol. 110, No. 100, p. 263
ence was unfair to China, and would be likely to provoke retaliation, and that imperial preference was the entering wedge of protection.

On May 7, 1919, Mr. Chamberlain in answer to criticisms of his preference proposals stated that the Government was bound by the imperial war cabinet and the imperial war conference resolutions of 1917,\textsuperscript{19} to which, he said, every member of the war cabinet at the time had assented.\textsuperscript{20}

On May 20, 1919, Mr. Chamberlain, in the course of a reply to further criticisms by opposition members, declared that the preference proposals embodied in the budget, then under consideration did not comprise the whole of the Government preference policy. Preference was not to be confined merely to customs duties, but "was to inform our whole policy." As an illustration of the character of the extensions to be made in the policy, he stated that he had recently given instructions for the guidance of the new capital issues committee in which he had directed that, other things being equal, capital which was to be expended in one of His Majesty's dominions was to be given preference. He also stated that the Government had decided three years before that Government purchases, if not made in the United Kingdom, should be made within the overseas Empire rather than in foreign countries. "This year on March 10," he stated, "we issued from the treasury a letter to the different departments in consequence of a decision by the Government," which said:

It is the desire of His Majesty's Government that the preference in Government contracts here spoken of should be effective, and whilst they think it undesirable to lay down any exact percentage, they desire that both in regard to opportunities to tender and in regard to prices the dominions, colonies, and protectorates should have the full advantage of their decision.\textsuperscript{21}

Mr. Winston Churchill, in a speech before the Dundee Liberal Association on May 15, 1919, attempted to reconcile the preference proposals with the principles of free trade. Now that a tax on food was definitely ruled out, he believed that a rebate upon existing duties was not a matter about which free traders should make trouble at the present time. He urged that imperial preference be treated not as a question of principle but as a measure of imperial diplomacy designed to express the warmth of the gratitude Great Britain felt for the aid received from the colonies in the war. "The Dominions have wanted this rebate," he stated, "and we should be wise to concede it, at the same time keeping the great body of our doctrine and practice intact."\textsuperscript{22}

On May 20, 1919, an amendment submitted by Labor members to the effect "That this House declines to give a second reading to a bill * * * which * * * initiates a system of preferential and protective duties" was defeated by 317 votes to 72, and the bill was read a second time.

Extended to products of mandated territories.—The finance bill proposed that the preference should be granted to the goods "consigned from and grown, produced, or manufactured in the British Empire," and further explained that, "for the purposes of this section, the

\textsuperscript{19} See p. 813.
\textsuperscript{20} Mr. Adamson, the leader of the Labor Party in the House, stated that Mr. Henderson, the representative of labor in the war cabinet, did not remember any resolution by which he had agreed to the principle of imperial preference.
\textsuperscript{21} Ibid., vol. 116, No. 66, p. 120.
\textsuperscript{22} Manchester Guardian, May 16, 1919.
British Empire means any of His Majesty's dominions outside Great Britain and Ireland, and any territories under His Majesty's protection, and includes India."

On May 14, 1919, Mr. Chamberlain, having been asked in the House whether the ex-German colonies for which mandates were held in the British Empire would be included as colonies and would thus obtain the advantages of the British preference, replied: "None of the territories alluded to will be colonies. But in certain cases, such, for example, as South-West Africa and certain islands in the Pacific, they will be administered as integral portions of the mandatory's territory and will consequently share in its advantages." This would indicate that it was not intended at this time to extend the preference to mandated territories not in the class specifically referred to by Mr. Chamberlain.

On July 3, 1919, Mr. Lloyd George, in a discussion of the peace treaty before Parliament, declared, with respect to the mandated territories to be assigned to Great Britain, that South-West Africa and ex-German New Guinea would be assimilated for tariff and other purposes to the Union of South Africa and to Australia respectively. With regard to the mandated territories in general, he made the following statement: "Equal opportunities for trade and commerce—we have allowed that in all our colonies without distinction. So that you find that the conditions of the mandate described here are the conditions which we ourselves have always applied in respect to British colonies throughout the world."

On July 9, 1919, Mr. Chamberlain, in order to extend the application of the preference provisions of the finance bill to the mandated territories assigned to Great Britain, proposed to add to the definition of the "British Empire" given in the original bill and stated above the words, "or is a territory in respect of which a mandate of the League of Nations is exercised by the Government of any part of His Majesty's dominions." He explained that these territories would not technically come under the provision for British "protectorates," and that the character of the mandates had not been definitely decided upon. He stated that he saw no reason to suppose that there would be anything in the form of the mandate to prevent the extension of preference to any of the mandated territories.

Among the criticisms of this proposed amendment made by Labor and opposition Liberal members was that it would be a cause of dissension among the nations concerned; that a German merchant in South-West Africa would, through this measure, receive a preference over a French merchant in France or in the French colonies; and that it was not in harmony with the principles of the League of Nations and of article 22 of the treaty of peace. In defense of the amendment it was urged that it was a matter affecting Great Britain only and made no change in the tariffs of the mandated territories, that it did not commit them in any way to any change, and that it would

24 See appendix to Ch. IV, p. 275, for the assimilation of South-West Africa to the Union of South Africa with respect to tariff legislation. The tariff of New Guinea has not yet been assimilated to that of Australia.
26 Article 22 of the treaty of peace makes no provision regarding the tariff treatment to be given by the mandates to the products of the territories for which they hold mandates. See the text of the article on p. 11.
make profitable the administration of the mandated territories. The amendment was carried by 195 votes to 58.

The possibility of retaliation.—Labor and opposition Liberal members argued repeatedly in the course of the debate that the establishment of a preference on colonial imports would lead to retaliation by foreign countries. On May 7, 1919, Mr. Chamberlain stated his position with respect to the possibility of retaliation, as follows:

It would not occur to any foreign Government to think that the internal arrangements of another nation or empire was their affair at all if so many members of the House of Commons and publicists outside did not studiously apply themselves to teaching foreign nations that it was. Now let me put the reverse case. Have we any right to complain because goods can pass from one Province of the Chinese Empire to another without paying the charges which English goods must pay when they enter China? We have no right to complain. We have not thought of complaining; yet many parts of the British Empire are hardly more widely separated than many parts of the Chinese Empire, and the diversities of language and thought are as great as in the British Empire. What we choose to do within the British Empire is the concern of the British Empire. It gives no right for any foreign nation to take offence. No foreign nation invites or would tolerate our interference in their internal customs arrangements, and I see no reason, but for the suggestions coming from the honorable gentleman, why any foreign nation should take any offence at our doing what other foreign nations have done for years without complaint from us or anybody else. If that be the issue, if a foreign nation chooses to raise that issue, and to say, when one portion of the British Empire treats another portion of the British Empire as kinsmen, as parts of one whole, as partners in one great commonwealth, that that is an offence to the foreign nation, then the whole British Empire would be ready to meet that and to stand shoulder to shoulder to combat it.

It was raised by Germany when Canada gave us a preference. I am sorry to say we did not all stand shoulder to shoulder at that time, but Canada, standing alone, put that contention down and beat them.22

On July 9, 1919, Mr. Chamberlain, in answer to the argument that colonial preference was hostile to the world movement of the hour and more particularly out of harmony with the third of President Wilson's fourteen points, cited the existing preference in the United States to Cuba, which was not a part of the United States, as a precedent for the practice Great Britain was adopting. He said:

Those who contend that the acceptance of it is any harm to what we are doing now, misinterpret the third of President Wilson's fourteen points. I am quite certain that President Wilson's fourteen points do not suggest that a country has no right, or would not continue to have the right, to differentiate between its own citizens and the citizens of another nation. What he may have desired, and what I think he did desire, was to lessen the amount of discrimination, or to abolish the discrimination, with which one country treated foreign countries as compared with one another. That is a totally different thing. * * * To say that what we do within the British Empire is a matter which concerns foreign countries, in which they have a right to offer remonstrance or complaint, * * * seems to be a denial of that for which we have fought and suffered in common and which has been solemnly sealed by bloodshed.23

On the same day Mr. G. Murray, a Government member (coalition Unionist), answered the argument that other countries would retaliate against imperial preference by citing his experience in the negotiation of the Canada-West Indies agreement, in which instance, he stated, retaliatory action was threatened by the United States, but was not carried out. The United States, he said, could not now take any aggressive action because they had exactly the same principles in operation themselves, inasmuch as they gave preferences

22 House of Commons, Parliamentary Debates, vol. 115, No. 57, p. 590
23 Ibid., vol. 117, No. 91, p. 1154.
to Porto Rico, Cuba, and Hawaii. France, Holland, and Italy, he
stated, also gave preferences to their colonies.29

On July 23, 1919, the question of possible retaliation was again
brought up with respect to the preference, and Mr. Chamberlain
replied by again citing the case of the United States. America has
"a preference in force, not merely with its own possessions or de-
pendencies, but with independent territories." Great Britain was
merely following the example of the United States, although some-
what slowly, both in time and extent.30

On the same day the finance bill was read for a third time by a vote
of 219 to 48.

THE ADMINISTRATION OF THE PREFERENCE.

On August 21, 1919, notice was issued by the secretary to the
commissioners of customs and excise that the preferential rates
would come into effect on September 1, 1919, with the exception
of the preference on tea, which had come into effect on June 2,
1919. The notice stated that:

the expression "British Empire" for the purpose of preference includes at present
the self-governing Dominions, the Crown colonies and protectorates, India, and the
Channel Islands. Territories which in future may come under His Majesty's pro-
tection, or in respect of which a mandate of the League of Nations is exercised by
the Government of any part of His Majesty's dominions, may be included by order
in council.

For manufactured goods, preference was to be given only if a
prescribed percentage of the factory or works cost to the manu-
facturer of each finished article ready for export to the United
Kingdom is due to labor within the British Empire. The proportion
was fixed provisionally by the Board of Trade at 25 per cent for all
manufactured goods, with the exception of manufactured tobacco,
refined sugar, sirup, molasses, and other products of the refining of
sugar. For these the proportion was fixed at 5 per cent, but prefer-
ence could only be claimed in respect of such proportion of the
finished article as could be shown to correspond to the proportion
of Empire-grown dutiable material used in its manufacture. This
limitation could also be extended by the Board of Trade to other
articles which were found to be manufactured in the Empire to a
considerable extent from materials which were not produced in the
Empire.

Under "manufactured goods" were to be included refined sugar,
manufactured goods containing sugar or cocoa, manufactured goods
containing spirits, e.g. pomades, varnishes, dyes, etc.; glucose,
sirup, molasses, and other extracts of sugar, saccharin, manufactured
tobacco; cinematograph films, motor cars and their parts, accessories,
etc.; musical instruments and their parts, accessories, etc.; clocks,
and watches.

In calculating the proportion of value which was the result of
labor within the British Empire there could be included under the
head of labor, the cost to the manufacturer of any materials of
purely Empire origin entering into the composition of the article,
the cost of manufacture including wages, proportion of fuel, super-

29 Ibid., p. 1173. The inclusion of Holland was an error.
vision and other factory expenses, and the cost of labor of packing for retail sale.

PROTECTION TO BRITISH INDUSTRIES.

In analyzing the preferential tariff, several features stand out. The reduction in excise duties to bring them into equivalence with the preferential duties establishes a measure of protection for domestic industries against foreign, but not against colonial, competition. In many cases the articles are such as are not and cannot be produced in their primary form in Great Britain. But the preferential schedule covers not only the raw materials but the finished products manufactured from them, and the reduction of excise duties, corresponding to the reduction in import duties, establishes even for such commodities as coffee, cocoa, and tobacco, a slight measure of protection for the domestic industries engaged in converting them into articles ready for consumption. The sugar and tobacco duties are expected by many authorities to stimulate the production of these commodities in Great Britain, and attempts are now being made in an experimental way to develop a beet-sugar industry. It is significant also that in the case of the few articles which were already subject to protective duties in Great Britain, i. e., on which no excise was levied, the protection of the British industry against colonial competition is maintained.

VALUE OF THE PREFERENCE TO THE COLONIES.

Because of the limited range of articles covered in the preference proposal, there is little in it of value to the self-governing Dominions. Motor cars and cheap clocks and watches are produced in Canada, but there are no prospects of an important trade with Great Britain developing in these articles even under free admission, whereas the preferential tariff still leaves a substantial measure of protection for the British products against colonial competition. The only preferences which may prove of value to the self-governing Dominions are those on wine, which has long been sought by Australia and South Africa, and tobacco, production of which in Canada is increasing. The preferences are of interest chiefly to India and the Crown colonies.

The preference on tea is 2 pence a pound, but almost 90 per cent of the British imports of tea already comes from India and Ceylon. Moreover, there are differences in quality and flavor between the teas of India and Ceylon and those of China and other non-British countries, which make the choice of the purchaser between British colonial and foreign tea more a matter of taste than of price. With respect to cocoa, the situation is different. The preference is about three-fourths pence per pound. Only about 50 per cent of the imports come from British colonies and under the preference this proportion may increase. Coffee is consumed in relatively small quantities in Great Britain and only about 20 per cent of the imports come from the colonies. The preference, amounting to about three-fourths pence per pound, encourages an increase in the proportion coming from the colonies.

The sugar preference offered promise of becoming important to the sugar-growing colonies, especially to the British West Indies
and Mauritius. On 96° polariscope test, the preference amounts to 3 shillings 9 pence, or 91 cents per hundredweight. This equals 81 cents per 100 pounds and thus so greatly exceeds the preference of approximately 34 cents per 100 pounds granted by Canada in 1913 that it might have been expected to divert West Indian sugars from Canada to Great Britain. But its most important effect has been to set up a standard which the Canadian Government felt impelled to exceed in determining the amount of the preference which they granted in the West Indian trade agreement of 1920. The Canadian preference, however, unlike the British, is extended in much smaller degree to sugars above No. 16 Dutch standard, so that the British preference creates a favored market for such sugars produced in the British colonies.

Little tobacco is grown for export in the British colonies and only 2 per cent of the British imports come from them. The preference on unmanufactured tobacco amounts to 1 shilling 4 pence per pound. This is a substantial rebate and the corresponding reduction in the excise may stimulate the growing of tobacco in Great Britain.

With respect to spirits, the imports from the colonies are small, with the exception of rum, of which 80 per cent of the British imports originate in the sugar-growing colonies, especially the British West Indies. The surtax of 2 shillings 6 pence per gallon may force foreign rum out of the British market.

**PREFERENTIAL IMPORT RESTRICTIONS.**

Great Britain, like all the other belligerent powers, during the war period exercised a more or less rigid control over foreign trade, as the situation demanded conservation of necessary materials, economy in shipping, a check on the consumption of luxuries, and prevention of trading with the enemy. The policy of import restrictions on a large scale did not come into effect, however, until March, 1917. In April, 1916, the Board of Trade had set up the department of import restrictions to administer the licensing powers which had been conferred on a number of departments by royal proclamations. Only 10 or 12 classes of goods were subjected at this time to import restrictions, and, with a few exceptions, the administration of the restrictions was henceforth in the hands of the Board of Trade. In February, 1917, the range of goods subject to import restrictions was greatly enlarged and thereafter additions and changes were constantly being made in the list of import restrictions.

Another method followed in restricting imports, namely the prohibition against private individuals dealing in certain commodities, operated to make the trade in them a Government monopoly. This was done for instance in the case of wool, certain raw metals, and a number of other raw materials.

Upon the initiation of the policy of import restrictions two sets of influences began to operate on the Government in opposite directions. The importers of foreign and colonial goods tended to take the position that the free importation of the commodities they were interested in was essential to the proper prosecution of the war, or to the financial integrity of the country, or to the welfare of the
civilian public. The British manufacturers of articles similar to those whose import was restricted soon discovered that the restriction of imports brought an extreme measure of protection with it, gave them a monopoly of the home market, and often resulted in making their enterprises extraordinarily profitable. It was natural, therefore, that the manufacturers should direct all their influence to the continuance and the extension of the policy of import restrictions.

During the continuance of active hostilities, and for some time after the armistice, the import restrictions were administered without preference to the colonies. Diplomatic pressure from several of the Allies, especially France, Italy, and Japan, led, however, to special relaxations being made in their favor and thus resulted in the establishment of a substantial preference to them. The Government denied that these relaxations were made as the result of secret treaties; but there were informal agreements between Great Britain and the countries named, whereby in return for relaxations in favor of British products in their own import programs and other concessions these countries received specified favors with regard to the admission of their products into Great Britain.32

These concessions were not extended to the colonies, and from Canada there came some vigorous protests against the discrimination.33

Following the armistice, there were many relaxations and terminations of restrictions on imports, but on March 7, 1919. Sir Auckland Geddes, minister of reconstruction, announced in the House of Commons that all manufactured and semimanufactured commodities, whose importation was not to be wholly prohibited, would be permitted to enter only under a system of special licenses until September 1, 1919, when the question would be reviewed. Everything was in a state of flux and uncertainty; international price levels were ill-adjusted; the exchange system was difficult; employment had to be provided for the demobilized soldiers and munition workers; a general fall in prices was expected; and for all these reasons heroic measures were necessary to give confidence to British industry.

It was decided, however, that no import restrictions should continue to be imposed on imports of colonial products without the assent of the war cabinet, which would not be given unless some unforeseen necessity arose, and the Board of Trade at once issued a general license to the customs, permitting the importation into the United Kingdom of all articles on the list of prohibited imports when they were exported from and were the produce or manufacture of any part of the Empire. Exception was made, however, of gold not consigned to the treasury, spirits other than brandy and rum and hops.34

32 Mr. Cecil Harmsworth, on June 3, 1919, stated in the House of Commons: "No commercial treaties have been concluded with Italy, France, or Japan since the outbreak of the war, and it is not proposed to do so now. * * * There have, of course, been constant negotiations during the war between His Majesty's Government and the three Governments mentioned on commercial matters arising out of the blockade and import and export restrictions." (The Times (London), June 4, 1919.)

33 The original agreement with France was signed on Aug. 24, 1917. It provided for the relaxation of the British restrictions on French silks, clothing, wines, fruits, and some other articles in return for a general suspension of the French restrictions on the importation of British products. The agreement with Italy was similar in character. Japan demanded and received similar concessions, but reliable information as to the character and extent of the concessions she granted in return is not available. (See for the agreement with France, Revue d' Economie Politique, March-April, 1919; La Politique Francaise en materie d' Importation Pendant la Guerre, by Albert Affaloux.)


35 Board of Trade Journal, Mar. 8, 1919, p. 355.
On August 22, 1919, the Government announced that imports would be admitted without restriction after September 1, 1919, with the exception of a long list of articles, the products of "unstable key industries" for which import licenses would still be necessary. This list consisted chiefly of coal-tar derivatives for use in the manufacture of dyestuffs, synthetic drugs and flavoring, a number of colors, various chemicals, optical glass, scientific and optical instruments, hosiery, hops, magnetos and gauges, illuminating glassware, tungsten, gas mantles, and needles.

It was also announced that legislation was under preparation, and would be introduced at the autumn session, for protection against dumping and against any sudden flood of imports which might follow upon the collapse of the exchange rates, and to deal further with "unstable key industries" by scheduling additional products, the importation of which would be prohibited except under license.

The restrictions on imports which were continued or which were subsequently to be reimposed were not to apply, except under extraordinary circumstances, to imports from the colonies. For such articles as were subject to import restrictions, the suspension of the restrictions for colonial products thus resulted in the grant of the maximum possible preference to the colonies.

**The Sankey Judgment.**

In a case brought late in 1919 to test the validity of the Government's action in prohibiting imports, Justice Sir John Sankey, of the King's Bench Division, held that section 43 of the customs consolidation act of 1876, under which the Government had claimed authority to restrict imports, did not authorize such measures. The section provides that "the importation of arms, ammunition, gunpowder, or any other goods may be prohibited by a proclamation or order in council." The decision of the court disallowed the Government's contention that the expression "other goods" applied not only to those of the nature of arms and ammunition, but included also other classes of goods. Following the court's decision, Sir Auckland Geddes, then president of the Board of Trade, stated in the House of Commons that "in view of the Sankey judgment the customs have been instructed, pending either reversal on appeal or legislative action, to allow the importation of all articles affected thereby. Early in the new session the Government will press legislation to secure power to reimpose restrictions of the limited scope indicated in the imports and exports regulation bill."

**Antidumping and "key" industries.**

The imports and exports regulation bill above referred to was introduced as a Government measure on November 19, 1919. It was intended to prevent dumping and to protect key industries. Although provision was made in the bill for the imposition of ad valorem duties on goods imported into the United Kingdom at prices below the value of the goods in the country of export, the bill was primarily a licensing measure and contained a provision for the creation of a "trade regulations committee" to have general supervision of the enforcement of the measure, while the immediate
administration was to be vested in the Board of Trade. In granting licenses the Board of Trade was required, so far as practicable, to give a preference to colonial products.\(^5\) In order to prevent inflation of prices through restrictions upon importation, the bill provided that maximum prices might be fixed for the articles in question. No action on the bill was taken at that session of Parliament.

Another bill for the same purpose \(^8\) was introduced by Lord Balfour in March, 1920, and was rejected on April 22. Unlike the former measure, however, it made no provision for preference to colonial products.

Notwithstanding the rejection by Parliament of the aforementioned bills, the Government again submitted proposals designed to protect key industries and to prevent dumping.\(^37\) The new proposals, embodied at first in ways and means resolutions which were passed in the House of Commons on May 12, 1921, and then in the safeguarding-of-industries bill which passed its third reading in the Commons on August 12, provide for an ad valorem duty of 33\(\frac{1}{3}\) per cent on articles produced by key industries \(^38\) and a similar duty of 33\(\frac{1}{3}\) per cent, in addition to any other duties, on articles offered for sale in the United Kingdom at prices below the production costs, or at prices which because of currency depreciation are below prices at which similar goods can be profitably produced in the United Kingdom. The Board of Trade may name other articles to be added to those classified in the proposed measure as articles produced by key industries. The Board of Trade is also authorized to issue from time to time orders, subject to the confirmation of the House of Commons, specifying what goods shall be subject to the antidumping duty. An amendment by the Commons exempted imports from British possessions from the first named duty. The protective duties on products of key industries are authorized for only five years; but the provisions in regard to dumping and depreciated currencies contain no time limit. However, according to Commerce Reports of August 17,

\(^8\) The text of the bill is given in the Board of Trade Journal, Nov. 27, 1919, pp. 693-647.

\(^5\) It authorized the Board of Trade by order to prohibit the importation of any goods which were offered for sale in the United Kingdom at prices less than the price for which goods of the same kind were sold in the country of origin. The bill provided that the goods to be prohibited should be deemed to be goods whose importation was prohibited under section 42 of the customs consolidation act of 1876, which provides that certain enumerated articles may not be imported into the United Kingdom.

\(^6\) The bill also contained a provision for the establishment of a "special industries council" to advise the board as to the measures necessary to be taken for the promotion and assistance of special industries. "Special industries" were defined in the bill as "industries supplying commodities which are essential to the national safety, as being absolutely indispensable to important industries carried on in the United Kingdom, and which are entirely or mainly supplied from countries outside the United Kingdom." The bill did not specify what form such aid was to take.

\(^7\) Under the second schedule to the bill the following were listed as special industries: The production or manufacture of synthetic dyes, synthetic drugs, spelter, tungsten, magnetos, optical and chemical glass, illuminating glassware, synthetic and optical instruments, hosiery, needles, and thorium nitrate. The bill provided that any other industry, which in the opinion of the council was a special industry, might be added to the above schedule.

\(^8\) The measure met with strong opposition because of its licensing and protective features. Its opponents declared that it was an attempt to foist protection upon the British people in the guise of protection to key industries.

\(^9\) Articles listed in the proposed measure as products of key industries are: Optical glass and optical elements, whether finished or not, microscopes, field and opera glasses, theodolites, sextants, spectrometers, and other optical instruments; beakers, flasks, bunsen, measuring cylinders, thermometers, tubing, and other scientific glassware and lamp-blown ware, evaporating dishes, crucibles, combustion boats, and other laboratory porcelain; galvanometers, pyrometers, electrometers, barometers, analytical and other precision balances, and other scientific instruments, gauges, and measuring instruments of precision of the types used in engineering machine shops and viewing rooms, whether for use in such shops or rooms or not; wireless valves and similar rectifiers, and vacuum tubes; ignition magnets and permanent magnets; arc-lamp carbons; hosiery latch needles; metallic tungsten, ferrotungsten and manufactured products of metallic tungsten and compounds (not including ores or minerals) of thorium, cerium, and the other rare earth metals; all synthetic organic chemicals (other than synthetie organic dyestuffs, colors and coloring matters imported for use as such, and organic intermediate products imported for their manufacture), analytical reagents, all other fine chemicals and chemicals manufactured by fermentation processes.
1921, "the part having to do with depreciated exchanges appears to contravene commercial treaties with 26 foreign powers. The Government gives assurance that it does not intend to denounce any existing commercial treaties and, as a consequence, the only countries of commercial and competitive importance to which the exchange provisions of the bill could be made to apply are France, Germany, and whatever remains of the old Austro-Hungarian Empire."

PREFERENCE UNDER LAW TO PROTECT DYESTUFFS INDUSTRY.

While endeavoring to obtain legislation to protect key industries the Government succeeded in securing the enactment of a law to safeguard the dyemaking industry. On December 23, 1920, Parliament passed the dyestuffs (import regulation) act, effective January 15, 1921, under which the importation of synthetic organic dyestuffs, colors, and coloring matters, and all organic intermediate products used in the manufacture of such products is prohibited. But the Board of Trade is empowered by license to authorize the importation of any of the products prohibited under the act. For the purpose of advising the board with respect to the granting of licenses, the board is directed to constitute a committee consisting of five persons concerned in the trades using the class of goods whose importation is prohibited, three persons concerned in the manufacture of such goods, and three other persons not directly concerned as aforesaid. The board is directed to appoint another committee to advise it with respect to the efficient and economical development of the dye-making industry. To provide funds for the administration of the act the board may charge for each license a fee not to exceed £5.

Provision for preference to imports from British colonies is made in section 2 of the act which states, "If, on an application for a license under this section, the committee are satisfied that the goods to which the application relates are goods wholly produced in some part of His Majesty's dominions, a license shall be granted in accordance with the application." The act is to continue in force for a period of 10 years.

GERMAN REPARATION RECOVERY ACT.

The German Reparation (Recovery) Act, which became a law on March 24, 1921,39 provided that British importers of goods either consigned from or produced in Germany should pay one-half of the purchase price, or some lesser percentage as the treasury might prescribe, not to the German exporter but into a fund to be used for the payment of Germany's indebtedness to the Allies. It should be noted that the payment contemplated was not 50 per cent ad valorem in addition to the price paid to the German exporter but that 50 per cent of the stated price was to be withheld and turned into the reparation fund. The act therefore contemplated a maximum duty not of 50 per cent but of 100 per cent of the value of the goods as

39 The title of the act was "An act to provide for the application of part of the purchase price of imported German goods toward the discharge of the obligations of Germany under the treaty of Versailles." The act was applicable to goods imported on and after Apr. 1, 1921. "Provided, That this act shall not apply to goods imported before the 15th day of April, 1921, if it is proved to the satisfaction of the commissioners that the goods are imported in pursuance of a contract entered into before the 8th day of March, 1921," i.e., the date of the introduction of the bill.
measured by the amount received by the German exporter. The drastic effect of the act was softened from and after May 12, 1921, by action of the British and German governments. The British Government reduced the rate of the duty to 26 per cent and the German Government agreed to reimburse German exporters for the amounts withheld from them. The result of these actions was the reduction of the rate of duty to 26 per cent of the total amount actually received by the German exporter. 40

It was believed that the act would operate in one of two ways:

(1) The German Government might reimburse the exporters of Germany for the sums withheld from them (as it has done from May 12) and in this case the act would have relatively little direct effect upon trade, but would result in securing large revenues for the reparation fund.

(2) If the German Government did not reimburse the exporters of Germany, the exporters, in so far as they could not meet the situation by accepting a smaller margin of profit, would be forced to raise their prices materially (doubling them if the 50 per cent rate were retained). Thus the failure of the German Government to reimburse its exporters would have resulted in a protective duty which would have curtailed Germany's export trade to Great Britain and to other countries which have adopted or may adopt similar legislation. 41 In case it were found that Great Britain was dependent upon Germany for any products and that the consumer was therefore forced to pay the major part of the increase in price, the treasury, under the authority vested in it of prescribing a percentage smaller than 50 per cent, was expected to give relief. 42

The provisions of the measure were summarized in the official Board of Trade Journal as follows: 43

Clause 1: That 50 per cent of what is due for German goods, or such percentage as the Treasury may prescribe, shall be paid, not to Germany, but to the treasury through the customs on account of German reparation.

Clause 2: German goods are defined as (a) goods first consigned from Germany, and (b) goods consigned from elsewhere, of which less than 25 per cent of the value is attributable to production outside Germany. But the act is not to apply to transcription goods.

Clause 3 (i) The value of the goods for the purposes of the act is to be f. o. b. value; (ii) but, in the case of goods consigned to Germany to have a process to be performed upon them, the act is to apply only to the increased value resulting from that process; (iii) in addition, it is provided in this clause that when a person would be out of pocket on account of an advance made, because he did not retain the full proceeds of the goods sent here against such advance, he should be allowed to deduct from the sum payable to the commissioners of customs the amount necessary to prevent his being so out of pocket; (iv) provision is also made in this clause for the settlement of disputes as to value; and (v) for the furnishing of certificates of origin.

40 If the German Government had declined to reimburse the exporter, on a sale of $100 he would have received only $74 net and the duty of $26 would have been in fact an ad valorem duty of over 35 per cent. Similarly at present if an invoice gives the value of the goods at $100 and contains a stipulation that the full amount, without deduction of the duty, shall be paid to the German exporter, the goods are valued for customs purposes at $135.14 and the duty at the rate of 26 per cent is then $35.14. (Commerce Reports, July 28, 1921.) The German Government has agreed to reimburse exporters for shipments before May 12.

41 The first three codes issued by the treasury mitigated the terms of the German reparation act as follows: The first exempted from the operation of the act articles imported before May 15, if imported under a contract entered into before Mar. 8, and dispatched from the place of consignment before Apr. 8; the second exempted articles, the physical possession and property in which had passed to a foreign Government other than the German Government before Mar. 8, and which were imported for the purpose of being treated and sold on behalf of such Government; the third reduced the rate to 5 per cent in the case of such articles as could not be produced and worked elsewhere than in Germany, provided that the articles were produced in and exported from Germany by a company so producing and exporting before Mar. 8, and in which not less than 90 per cent of the capital was owned by British nationals before Mar. 8. (Manchester Guardian, Apr. 20, 1921.)

42 Board of Trade Journal, Mar. 17, 1921, pp. 294, 295.
Clause 4: Persons who have made contracts to accept bills may apply to the court for suspension, annulment, or, with the consent of the parties, variation of the contract when the enforcement of the contract would result in serious hardship in consequence of circumstances arising out of the act.

Clause 5: On the recommendation of a committee or committees consisting mainly of business men, the Board of Trade may, as respects articles of any class, make, or description, reduce the percentage payable to the commissioners, or vary the percentage referred to in clause 2, and may also extend the classes of contract to which clause 4 relates.

Clause 6: By resolution of both Houses, the act may be suspended by order in council, to such extent and for such period, definite or indefinite, as may be specified.

III. Summary.

In three ways the war aided the movement for the establishment of a protective and preferential tariff policy in the United Kingdom. It stimulated the national sentiment of the people and their interest in and appreciation of the people of the Dominions and the colonies. It brought to power as members of the coalition cabinets the leaders of the movement for "tariff reform." And it led to the imposition of duties and of import restrictions which, though they were introduced for military reasons, were in effect protective measures and which, though avowedly temporary, presented free traders with faits accomplis, putting them at the disadvantage of opposing vested interests.

The trend of English opinion was shown early in 1916 when the Chamber of Commerce of Manchester, a free-trade stronghold since the days of Cobden and Bright, rejected a resolution affirming free-trade principles. In assenting to the terms of the Paris economic pact (June, 1916) the second coalition government committed themselves to tariff discriminations against enemy countries. The imperial war cabinet and the imperial war conference indorsed the principle of preferential tariffs in favor of the colonies. The final report (February, 1918) of the committee on commercial and industrial policy after the war favored a limited system of protective duties, a preferential system extending throughout the tariff schedules, and preferential treatment of the colonies and Dominions by means other than the tariff. In the fall of 1919 the coalition government gave notice of the termination of the obligation to impose no differential duties on sugar, and in their election manifesto they pledged themselves to the protection of key industries, antidumping legislation, and a preference in all duties then existing or subsequently imposed. The election of December, 1918, gave a "mandate" to the Government to carry out this program.

Aside from the duties imposed in 1915 in order to restrict the importation of motor cars and cycles, clocks and watches, musical instruments and cinematograph films, the carrying out of the protective and preferential program was not begun until after the war. Since the war the following preferential measures have been put in force: (1) The finance law of 1919 established, in favor of products of any part of the Empire, preferential reductions to the extent of one-third or one-sixth through the restricted tariff schedule of the United Kingdom; (2) until the system was declared void in December, 1919, the general prohibition upon importations, except as licensed, was not applied to products of the colonies; (3) the dye-stuffs act, effective January 15, 1921, prohibits the importation, ex-
except as licensed, of large classes of dyestuffs unless they have been produced wholly within some British possession. The preferential feature of this law is of minor importance compared to its protective effects. In addition to the protective measures already mentioned, protective duties of 33\% per cent ad valorem have been authorized for the following purposes: (1) To protect enumerated key industries; (2) to penalize goods which are sold in the United Kingdom at prices below the cost of production so as to threaten with unemployment the workers in a British industry; and (3) to exclude goods which by reason of the depreciation of the currency of the country in which they are manufactured are produced at lower prices than those at which similar goods can be profitably manufactured in the United Kingdom. Further protection is contained in the German reparation act which established what is, in effect, a special duty upon goods produced, to the extent of 75 per cent or more of their value, in Germany. The duty is levied by requiring the British importer to pay into a special fund, instead of to the German exporter, 26 per cent of the purchase price, i.e., as long as the German Government does not reimburse its exporters the duty becomes, in effect, a protective tariff at the rate of 35 per cent ad valorem, the value being measured by the price received by the German exporter.

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