



Character Issues

Convictions Opposed to Certain Popular Opinions: The 1903 Anti-Protectionism Letter Supported by 16 British Economists

ABSTRACT

The letter reproduced below appeared in the *The Times* (London) and other papers on 15 August 1903. It has been reproduced here from its reprint in the *Economic Journal* 13(51), September 1903: 446-449. The letter protests motions toward protectionism to create an imperial trading bloc and to fund a new program of welfare statism, a cause championed by the member of the Cabinet and leading Unionist politician Joseph Chamberlain.

During the years 1903 through 1906 the controversy over “tariff reform” was intense. “Almost all the economists of the day were involved on one side or the other—Marshall, Ashley, Cunningham, Edgeworth, Hewins, Pigou, Foxwell, Cannan, and all the rest. One broad line of division is discernible among them—the historical school came out in favor of the return to protection proposed by Chamberlain; the orthodox, abstract economists stood loyally by free trade” (McCready 1955, 259).

Alfred Marshall wrote of the controversy in a series of letters to Lujo Brentano of Germany. In a letter of 18 August 1903, Marshall writes that the “manifesto ... was mainly drafted by [Francis Y.] Edgeworth in consultation with [Charles F.] Bastable and [J. Shield] Nicholson.” Marshall had had reservations which led to changes in the statement. “Finally [Edwin] Cannan—who has much

literary skill—helped in verbal changes, and now I think that on the whole we may be proud of it” (qtd. in McCready 1955, 265-66). On the episode, see also Gomes (2003, 226ff).

In 1903 the prime minister was Arthur Balfour of the Conservative party. The party was split on tariff reform. The Liberal party rallied for free trade and won a landslide victory in 1906. The protectionist movement had been thwarted.

In the midst, Marshall wrote in a letter of 29 September 1903: “I am very sad. I feel that Chamberlain (who organizes the cleverest appeals to selfish ignorance *all around*) needs to be combated by rough &—to speak frankly—more crude and unscientific arguments & methods than I have either the taste or the faculty for” (qtd. in McCready 1955, 267).

— Daniel Klein

References

- Gomes, Leonard.** 2003. *The Economics and Ideology of Free Trade: An Historical Review*. Cheltenham: Edward Elgar.
- McCready, H.W.** 1955. Alfred Marshall and Tariff Reform, 1903: Some Unpublished Letter. *Journal of Political Economy* 63(3): 259-267.

The following letter appeared in *The Times* (London) and other papers on 15 August 1903:

SIR,

We the undersigned beg leave to express our opinions on certain matters of a more or less technical character connected with the fiscal proposals which now occupy the attention of the country.

One of the main objects aimed at in these proposals—the cultivation of friendly feelings between the United Kingdom and other parts of the Empire—is ardently desired by us; and we should not regard it as a fatal objection to a fiscal scheme adapted to this purpose that it was attended with a considerable sacrifice of material wealth. But the suggested means for obtaining this desirable end do not seem to us advisable; firstly, because there would probably be incurred an immense and permanent sacrifice not only of material but also of higher goods, and, secondly, because the means suggested would be likely in our judgment to defeat rather than attain the end in view.

Firstly, having regard to the prevalence of certain erroneous opinions, to which we advert below, we think that any system of preferential tariffs would most

probably lead to the reintroduction of Protection into the fiscal system of the United Kingdom. But a return to Protection would, we hold, be detrimental to the material prosperity of this country, partly for reasons of the same kind as those which, as now universally admitted, justified the adoption of Free Trade—reasons which are now stronger than formerly, in consequence of the greater proportion of food and raw materials imported from foreign countries, and the greater extent and complexity of our foreign trade. The evil would probably be a lasting one, since experience shows that Protection, when it has once taken root, is likely to extend beyond the limits at first assigned to it and is very difficult to extirpate. There are also to be apprehended those evils other than material which Protection brings in its train, the loss of purity in politics, the unfair advantage given to those who wield the powers of jobbery and corruption, unjust distribution of wealth, and the growth of “sinister interests.”

Secondly, we apprehend that the suggested arrangements, far from promoting amity, may engender irritating controversies between the different members of the Empire. The growing sense of solidarity would be strained by an opposition of interests, such as was experienced in our country under Protection, and has been noticeable in the history of the United States and other countries. Such an opposition of interests would be all the more disruptive in the case of the British Empire as it is now held together by a central Government.

Our convictions on this subject are opposed to certain popular opinions, with respect to which we offer the following observations:-

1. It is not true that an increase of imports involves the diminished employment of workmen in the importing country. The statement is universally rejected by those who have thought about the subject, and is completely refuted by experience.

2. It is very improbable that a tax on food imported into the United Kingdom would result in an equivalent “or more than equivalent” rise in wages. The result which may be anticipated as a direct consequence of the tax is a lowering of the real remuneration of labour.

3. The injury which the British consumer would receive from an import tax on wheat might be slightly reduced in the possible, but under existing conditions very improbable, event of a small portion of the burden being thrown permanently on the foreign producer.

4. To the statement that a tax on food will raise the price of food, it is not a valid reply that this result may possibly in fact not follow. When we say that an import duty raises price, we mean, of course, unless its effect is overborne by other causes operating at the same time in the other direction. Or in other words, we mean that in consequence of the import duty the price is generally higher by the amount of the duty than it would have been if other things had remained the same.

5. It seems to us impossible to devise any tariff regulation which shall at once expand the wheat-growing areas in the Colonies, encourage agriculture in the United Kingdom, and at the same time not injure the British consumer.

6. The suggestion that the public, though directly damnified by an impost, may yet obtain a full equivalent from its yield is incorrect, because it leaves out of account the interference with the free circulation of goods, the detriment incidental to diverting industry from the course which it would otherwise have taken, and the circumstance that, in the case of a tax on foreign wheat—English and Colonial wheat being free—while the consumer would have to pay the whole or nearly the whole tax on the wheat, the Government would get the tax only on foreign wheat.

7. In general, those who lightly undertake to reorganise the supply of food and otherwise divert the course of industry do not adequately realise what a burden of proof rests on the politician who, leaving the plain rule of taxation for the sake of revenue only, seeks to attain ulterior objects by manipulating tariffs.

Signed

C.F. BASTABLE

(Professor of Political Economy at the University of Dublin).

A.L. BOWLEY

(Appointed Teacher of Statistics in the University of London at the London School of Economics).

EDWIN CANNAN

(Appointed Teacher of Economic Theory in the University of London at the London School of Economics).

LEONARD COURTNEY

(Formerly Professor of Political Economy at University College, London).

F.Y. EDGEWORTH

(Professor of Political Economy at the University of Oxford).

E.C.K. GONNER

(Professor of Economic Science at the University of Liverpool).

ALFRED MARSHALL

(Professor of Political Economy at the University of Cambridge).

J.S. NICHOLSON

(Professor of Political Economy at the University of Edinburgh).

L.R. PHELPS

(Editor of the Economic Review).

A. PIGOU

(Jevons Memorial Lecturer at the University College, London).

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ECONOMISTS AGAINST PROTECTIONISM

W.R. SCOTT

(Lecturer in Political Economy at the University of St. Andrews).

W. SMART

(Professor of Political Economy at the University of Glasgow).

ARMITAGE SMITH

(Lecturer in Political Economy at the Birkbeck College, Recognised Teacher at the University of London in Economics).

[The *Economic Journal* adds the following:] PROF. H. S. FOXWELL, Prof. W. A. S. Hewings, Mr. R. H. Inglis Palgrave, Mr. L. L. Price, Dr. J. Venn, and Mr. G. U. Yule have written to the Press to explain their reasons for not signing the letter; and Professors S. J. Chapman and J. H. Chapman have written desiring that their names should be regarded as added to the list of signatories.

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