

THE LUXURY TARIFF

Nov. 28.

A last of the articles which the Chinese delegates to the Tariff Commission propose to place on the "Luxury" list, whereby they will be subject to the 20 per cent. duty, has been circulated among members of the American Chamber of Commerce here, and so remarkable is it that some consideration in detail must be given. Comprehensive is a mild word to use regarding the list: in fact it is permissible to quote words such as were used by "Piscator" in his review of Mr. Sowerby's "Naturalist's Notebook in China:—

*From pangolin to plankton, from
flying fox to flea,
From giant salamander to the
worm that eats the tree,
You'll find it in the "Notebook"
by Mr. Sowerby.*

In the case of this list anything from indigo to electrical material finds a place, while equally diverse articles such as rubber and medicines come within the same category. To say that importers of such commodities have been taken aback by the sweeping range of articles included only gives a feeble impression of the prevailing feeling, but if anything were required to give a realization of the seriousness of the position which has to be faced—though that should not be necessary after what has gone before—this list does it. A proportion of it is on perfectly proper lines, and to a number of the articles enumerated no exception could be taken respecting their claim to be regarded as luxuries. But so many are entirely different in character that there is hardly a pretence to disguise the fact that it is not luxury but a purely protective tariff which is being called for. In regard to yet a further number it is obvious that only one motive could account for their inclusion in the list, namely something for bargaining with.

The list starts with silk goods, and wool and woollen goods all of which can be produced in China. Then we come to flax, hemp and jute goods, and it will at once be realized that this includes gunny bags, for which commerce has an enormous demand in China and which are all imported. Gunny bags may properly be described as an aid to trade rather than anything else, and no valid reason can be ascribed for wishing to tax them. Those engaged in the piece goods trade will find cause for much thought in the subsequent articles, which include fine cotton goods, and silk, flax hemp and cotton mixtures. In the trade we believe that these would be described as "fancies", and if it is the intention to impose a 20 per cent. duty upon them, it looks very much like undue discrimination against Manchester, for it will be noted that Japanese textiles which are of a more common description, will be able to come in under the ordinary tariff. We may pass by leather and skins and manufactures thereof, beverages, comestibles of superior quality, papers of particular kinds, woodware and scented wood, and come to sugar and articles containing sugar. How wide a scope such a term covers may be gathered from the fact that every can of tinned fruit will come with-

in its scope, and this large trade will have to bear the brunt of a heavy increase in price to the consumer. Those who have compiled this list, however, have apparently no disinclination to tax food, for fish and fishery products figure among the commodities which they would consider as luxuries. To-day an enormous quantity of dried fish comes from Japan, and there is an almost equally great trade in salted fish from north America, both Canada and the United States. The great majority of this importation is consumed by the poorer class, and when legislators suggest that this is a suitable subject for taxation one is inclined to ask whether they are serious.

We have, however, only to go a step further to have our wonderment increased at the proposals put forward. Indiarubber and manufactures thereof greet us, and here it can only be concluded that certain important considerations have altogether escaped the notice of those responsible for this item. If it is assumed that the main idea is to get going a protective tariff, one which will foster home industries, the last thing one would expect to see would be this tax on raw rubber. China does not produce it, and probably never will, but she might in time have a rubber manufacturing industry of her own. It will not promote it, however, if there is a tariff wall against the raw material. A further insight into the peculiar mentality of those responsible for this compilation is the inclusion in it of electrical material. That such in its generality could be described as a luxury is beyond thought, and how in any circumstances it should contrive to find inclusion in a protective tariff in the present state of China beggars imagination. If China is to be industrialized still further, electrical material must be imported for such development, for at the present moment practically the only electrical equipment manufactured in the country consists of lamps. Then further if all the electrical power plant required for mills and factories is to be taxed, why should steam engines, their principal rival, go free? One is left guessing, but unfortunately it is not only here that we find ourselves at a loss. Drugs and medicines are classed as luxuries, though they could hardly be excepted to rank as such. Indigo, which by its wide use ought to be considered a necessity also finds a place on the list, while almost as amazing as anything is the entry which reads "vehicles (excluding touring motor cars)". Whence comes this extraordinary kindness for touring cars, when vehicles such as motor lorries, great necessary adjuncts as they are to trade, are sternly faced with a 20 per cent. tax? Enough, however, of this for the present. The application of the luxury tariff on these lines—and there are other articles of less importance, many of them genuine luxuries—as yet seems hardly probable, notwithstanding the surprises we have already had from Peking. But there is in the list a series of matters which the Chinese delegates have certainly chosen for purposes of bargaining, and what we can hope for in the meantime is that it will get no further than that.