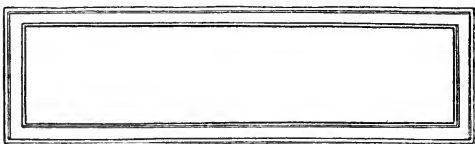


EX LIBRIS





Digitized by the Internet Archive  
in 2007 with funding from  
Microsoft Corporation

24

# RECIPROCITY.



BY  
A MANUFACTURER.



LEEDS : BAINES & NEWSOME ;  
AND SOLD IN LONDON BY  
SIMPKIN, MARSHALL, & CO., STATIONERS' HALL COURT ;  
AND  
SMITH, ELDER, & CO., CORNHILL.

[1844]

*See British museum  
Latin*



## P R E F A C E.

---

“FREE Trade is an excellent thing in the abstract ;—very desirable if it could be placed upon an equitable system of reciprocity.”

Such is the substance of remarks which I have frequently heard from merchants or manufacturers of high standing, practical in their views of any other subject but that of Free Trade. The application of this question they stave off until certain very improbable or impossible conditions can be fulfilled, viz., that Foreign Powers should receive our manufactures on favourable conditions, whilst we accept only their raw produce.

In most cases affecting their own interests, these practical men are shrewd enough ; but their expectations of the benefits to be reaped from commercial treaties are vague and ill defined, whilst they blindly surrender into the variable policy of party administrations, a full control over duties which have a most injurious effect upon their trade. A want of self reliance and a craving from Government for measures

of relief beyond the power of the legislature to afford, are the prevalent errors of tradesmen at home and abroad. Hence foreign administrations are pestered by conflicting claims for protection from rival manufactures, more especially from the cheap productions of Great Britain;—hence our own landowners cling with desperate pertinacity to their protecting Corn Laws;—and hence our manufacturers loudly call on our Foreign Secretary to attempt vain negotiations, for the purpose of moderating the hostility of foreign tariffs.

The object of this pamphlet is to give a practical aim to our pressure upon Government, to point out what we may expect, and to restrict our efforts to such measures as we may hope eventually to carry. Foreign tariffs are beyond our power to regulate; but our own, which oppresses us still more heavily, is within our reach. A combined movement, on the part of the commercial interest, may readily carry such alterations in our prohibitory and protective tariffs, as are essential to the expansion of our commerce.

Gaining a lesson from the past revulsions of trade, the time is arrived when the manufacturer should learn what security he has for the extent and continuance of his business, or how far he is justified on the faith of *our* existing tariff, in fixing his capital in mills or machinery. It is hard that he should suffer from foreign prohibitive tariffs, but the evil is aggravated by the vacillating attempts of our own Government to negotiate more favourable treaties.



Foreign prohibitions are best met by the enterprise of our own merchants.

In the ensuing pages I have fully discussed the indefinite notions of reciprocity which are gaining ground with the public, and I have branched off to certain popular objections against Free Trade, which, trite as they are to the political economist, still retain their secret hold in the breasts of many tradesmen. As a manufacturer myself, I have honestly and sincerely endeavoured to dispel the false alarm which has been so industriously circulated, of the danger to our manufacturing superiority from the spread of manufactures abroad. I apprehend no danger, but a positive benefit. If even the alarm were well founded, why not meet it like men ?

If, unfortunately, some unintentional error be discovered in this short work, my apology must be, that it has been written in the intervals of a weighty business, with but few leisure hours at my disposal. It was commenced before the clear-headed author of "Corn and Currency" had taken the field in the *Economist*, and to his vigorous advocacy I leave the support of a cause to which I lend a more willing than able assistance.

My object is to convince—not to shine. If I succeed in furnishing some who are not deeply read in the science of political economy, especially my brother manufacturers, whose avocations engross their attention, with more correct notions of Free Trade and RECIPROCITY,—if I aid in dispelling the doubts and fears arising from the spread of manufactures abroad,—if I induce my commercial readers

to ask from Government such measures only as are practicable, and to rely mainly upon their own energies for the opening of foreign markets, I shall rest satisfied that I have not written in vain.

A MANUFACTURER.

## CHAPTER I.

WHAT IS THE ORDINARY MEANING OF RECIPROCITY—PROBABILITY OF OBTAINING RECIPROCAL TARIFFS—MODERN ATTEMPTS—ABSURDITY—COLONEL TORRENS'S ARGUMENT—HOW CAN WE MEET HOSTILE TARIFFS?—INDEPENDENT COURSE OF ACTION FOR THIS COUNTRY TO PURSUE.

THERE is a vague idea, exceedingly prevalent amongst commercial men, that all foreign treaties should stipulate for reciprocal advantages:—that, in fact, they should be made a matter of bargain; *our* object being to secure an unlimited market for our manufactures, at the lowest possible rate of duty, and receive back merely the raw materials of manufacture or agricultural produce.

This notion of reciprocity is borrowed from the existing navigation treaties, which have been concluded with nearly all the foreign powers since 1815. Herein the shipping interest alone has been consulted; but our mercantile navy, as the source whence our men-of-war draw their experienced hands, has ever been deemed by our monarchs of paramount importance. The powerful combination of shipowners needs to be reminded, that they are merely *carriers*, and that their prosperity is dependant upon the home manufacturer and foreign producer.

The history of our navigation laws is instructive. In 1651 we attempted, by our famous navigation act, to drive off the seas the Dutch vessels, our only rivals. All their vessels were excluded from our ports. The Republican

Parliament overlooked one necessary result, that hereby they shut out a considerable portion of Dutch and German produce ;—a strange way of increasing our commerce, by lessening our imports ! According to M'Culloch, the act failed in its operation. “ It is not to our navigation law, or “ the restrictive regulations of other foreign powers, but to “ the abuse of the funding system, and the excess of taxation, “ that the decline of the commercial greatness and maritime “ power of Holland was really owing.”

The folly of injuring our manufacturing interest for the sake of the shipowners, and the recoil upon the latter, were not fully exemplified until the Americans retorted this very act upon us, almost in the identical words, immediately after they had succeeded in establishing their independence. At first we attempted to retaliate, but “ at length it became obvious to every one that we had engaged in an unequal struggle, and that the real effect of our policy was to give a bounty on the importations of manufactured goods of other countries into the United States, and thus gradually exclude both our manufactures and ships from the ports of the Republic.”\* The result of this conviction was the establishment of a treaty between Great Britain and the United States, in 1815, and the first introduction of the principle of reciprocity in our commercial treaties, as set forth in the fourth section of the act 6 Geo. IV., c 1, “ That his Majesty “ may, by an order in council, admit the ships of foreign “ states into our ports, on payment of the like duties that are “ charged on British vessels, provided that British ships are “ admitted into the ports of such foreign states, on payment “ of the like duties that are charged on their vessels.”

Other Powers were not slow to adopt the same mode of bringing us to terms. Prussia took similar measures against us in 1822 ; and in 1824 Mr. Huskisson found it imperative to make a similar concession. Denmark, Sweden, France, Austria, Russia, and other Powers, have subsequently brought us to the same terms.

\* M'Culloch's Dictionary of Commerce.

Mutual benefits have resulted from this extension of our navigation act. Our previous attempts at monopoly and over-reaching had militated against us, and placed Great Britain in a most humiliating and dangerous position. Our system of exclusion had induced other Powers to apply the same means, and then it was discovered that we had more to lose than to gain by the system. Most unwillingly was our Government forced to submit to fair dealing; nay, to beg for it.

A growing conviction is springing up, that this system of reciprocity has fallen short of its most important end. Of what use to gain an entrance for our vessels into foreign ports, if their cargoes be excluded? Why not apply to our manufactures the same freedom of ingress which is granted to our shipping? Why not negotiate with foreign powers to take our goods at the same duties as those we levy upon their produce, and *vice versa*?

These questions suggest themselves to all who are desirous of accomplishing so great a desideratum as that of a reciprocal system of Free Trade. So far from depreciating this object, I would uphold it as the greatest boon to commerce. Whether or not it may be safe to depend upon the legislature or the executive, for the accomplishment of this purpose, requires from every practical man a searching investigation.

The first difficulty arises out of the very words of the navigation act we have previously alluded to. Each separate treaty contains a provision, that there is to be "no priority or preference," but that the vessels and cargo of the contracting Power are to be admitted "on the terms of the most favoured nations." If, then, we negotiate a reduction in our duties upon the imports of any separate Power, in order to induce such Power to receive our goods on favourable terms, we directly admit, by our previous treaties, other nations, growing the same products, to a participation in the benefits of our concession. A nominal distinction may be made in our tariff betwixt the products of various countries, thus:—Portuguese wines might possibly be classed at higher duties than French or Rhenish wines. Such an attempt I hold to

be a virtual infraction of the navigation act, and in other cases it would not apply. If, for instance, we attempted to negotiate with Prussia for the free introduction of our manufactures into the territories of the Zoll Verein, and offered in return to modify our duties upon *their* corn or timber, we are bound to admit, at the same duty, Russian or American corn. With Brazils the case is different. She offers us tropical produce, interfered with only by our own colonies. Hence a marked and exclusive distinction is readily made in our tariff.

A still greater obstacle to the formation of reciprocal duties, has been the want of sincerity, and the spirit of monopoly or exclusion which have characterized the pretended efforts of governments in behalf of commerce; above all, a growing jealousy of our manufacturing power, which is rife amongst our neighbours, coupled with the false inference that this power is or has been propped up by our system of protection.

As the preliminaries to a reciprocal treaty of commerce, an uniform *ad valorem* rate of duty, and the abolition of all differential duties, are requisite. Any import calculated by weight, would fall heavily upon a bulky class of commodities, such as are consumed by the lower orders, or used in various processes of manufacture. Instance our trade with the States of the German League, and suppose for a moment that we opened a reciprocal tariff with them, founded on their own principles. Our imports from thence, being chiefly wool, corn, and produce, would be taxed much more heavily than our exports, which consist chiefly of light manufactured goods and yarn. Again, suppose we retained in our tariff the present distinction betwixt the rates applied to raw materials and those levied on articles of greater value, whereon more labour had been bestowed.—we should lightly tax Prussian imports; but if Prussia were to adopt the same principles, (which, to carry out the system of reciprocity, she necessarily must,) our manufactured produce would in return be taxed much more heavily. It is evident, therefore, that no com-

mercial treaty based upon an equitable adjustment of mutual reciprocity, could be drawn up, unless founded upon an uniform *ad valorem* rate of duty. If our Government had been willing to accede to these terms, there would have been little difficulty at one period in establishing a system of reciprocal tariffs co-extensive with our navigation treaties. Suppose we had offered to Prussia an admission of her exports on payment of 10 per cent. duty, to press equally on every article without distinction, on condition that she admitted our produce on the same terms, there is little doubt that she would have accepted our offer. We must, then, have given up our antiquated notions of protection; the argument of vested interests, meaning, in other words, *powerful interests*, must have been relinquished; the differential duties in favour of our colonies would have been abandoned, or placed under new regulations; and we should have been prepared to extend the system to all other countries that chose to accept it. Other difficulties might be started. The various necessities of foreign powers prompt them to levy different scales of taxation on imports or exports for the purpose of revenue. When the national treasury becomes exhausted, a common resource has been to advance the duties, —certainly not always with a corresponding advantage; yet if this resource were taken away by the fixedness of the duty, and the necessity of forming another treaty before an alteration could be effected, other measures of finance must be adopted. When we have to consider not only our own complicated interests, but those of negotiating Powers,—whilst on the one hand we view our first statesmen continually evading the application of views of commercial policy which they acknowledge to be just, and, on the other hand, observe the jealous rivalry of other Powers, and their all-absorbing desire to copy our manufactures,—we are led to despair of ever seeing such a principle of reciprocity carried out.

What shall we say to the miserable attempts at negotiating commercial treaties, which have lately exercised the diplomatic skill of our Secretary for Foreign Affairs, and his

corps of ambassadors, consuls, attachés, &c. Nothing can exceed their ludicrousness, but the humiliation they bring upon this country. Our very anxiety to negotiate treaties and obtain modifications of foreign tariffs, causes jealous suspicions in the breast of the Government we want to deal with, that we are a set of sharpers, trying to overreach and arrogate to ourselves some peculiar advantages. The contracting party is led to infer, that by taking our manufactured goods, he confers a benefit only half requited by our churlish acceptance of his raw produce. Look at our present position with commercial nations. We have earnestly and deprecatingly begged of Prussia not to raise her duties upon certain descriptions of our goods, and to give the most favourable interpretation to the new tariff of the Zoll Verein. Repulsed in this quarter, we make an application to our favourite child, Portugal, whom we have nourished with our treasure, and protected with our blood,—for whom we have vitiated our palate, and cherished an exclusive taste for the medicated port and sherry, to the neglect of the more genuine wines of France or the Rhine. We allude to our ancient treaties of alliance, the Methuen treaty of commerce, and argue that we have a claim upon her for a market for our woollens in return for our imports of her wines. After months spent in making offers and refusing absurd proposals, whilst the hopes and fears of merchants and manufacturers are kept in a state of feverish suspense, all negotiations are abruptly broken off, in order to create a semi-monopoly for some half-dozen rude Portuguese fabrics, wherein a member of the Government is interested. In reference to these protracted negotiations, the Lisbon correspondent of *The Times* newspaper well remarks :—

“The untoward delays which have marked the progress of these negotiations, have done more to discredit diplomacy than any event of modern times. The preference obviously given to individual considerations over the momentous pressure of national interests,—to the desire of displaying mere personal dexterity, finesse, and cunning of fence,—to the determination (no matter what thousands may suffer) to outwit antagonists, or come off at least with the reputation of having effected that pettiest of triumphs, and



still worse, the unblushing coolness with which weeks and months have been suffered to elapse, for the mere chance of tiring out the patience of rival negotiators, or wresting some advantage from their fears, or deriving some possible benefit from the unopened chapter of accidents,—must have pointedly directed men's attention to the question, how far they are benefitted by the existing forms of international dealing. The world has outlived the babyhood of ceremonial and the pupilage of sounding names. It is things, not mere logomachy, that can satisfy the aspirations and the wants of the community; and it is not difficult to predict, that before many years shall have elapsed, all questions of tariff regulation, and shipping and commercial interest, will be decided without reference to so-called Excellencies, who are excellent only for producing complication, embarrassment, and delay, by the simple machinery of a mixed commission of merchants."

The same correspondent remarks further on the 27th of March "The present conduct of the negotiators on the part of Portugal is downright insulting. They trifle with us as if we were children."

Not yet discouraged, but manfully bearing up against disappointment, our Foreign Secretary next paid his respects to the proud offset from the house of Braganza—to Brazils. The first point at issue was the termination of the existing treaty;—the Brazilian Government maintaining that it expired in November, 1842, whilst Great Britain contended that it remained in force until November, 1844. Eventually Brazils conceded the point somewhat grudgingly, as if anxious to escape from an arrangement which she considered injurious to her interests, and refused to enter into farther stipulations until the expiration of the treaty. The communications of their minister, Senor Continho, contains a few remarks derogatory to the good faith of our Government, and furnishes another illustration of the rebuffs we experience in our begging petitions for commercial treaties.

"However much the imperial government may respect the opinion of that of her Britannic Majesty, they cannot be brought to a conviction that their own is erroneous, and consider they have the same right to insist on the conditions of the treaty alluded to being deemed mutually obligatory on Brazils and Great Britain, only to November, 1842, the term when they believe it ought to expire. But, notwithstanding, as the two governments have not been able, to the present moment, to agree as to the due interpretation of the contested clause, and as the term designated is fast approaching, the government of his Majesty the Emperor, anxious always

to make manifest its moderation and good faith, at the same time protesting against the construction put upon the said article by the government of her Majesty the Queen, have consented to issue the necessary orders to the respective public officers concerned, for the stipulation of the said treaty to be continued in full force and vigour, as hitherto, until November, 1844, provided the two governments should not in the meantime come to a mutual understanding as to the precise period of its termination; the imperial government being fully confident, that that of her Britannic Majesty will be finally convinced, that the construction given by them to the article in question is the most conformable to reason, and to the spirit and letter thereof. And inasmuch as these disputations are a sufficient proof of the necessity of maturely weighing and duly considering any engagements of this nature, between two sovereigns who deem it their duty to consult the interests of the people over whom they preside, his Majesty, the Emperor, considers it incumbent on him *to defer, until the period at which the said treaty shall terminate, his determination whether in his wisdom he shall consider it proper and convenient to enter into any new engagement*, and will then take into consideration the different items contained in the outline submitted by Mr. Hamilton to the consideration of the imperial government."

Public opinion in Brazils runs counter to the formation of another treaty with Great Britain, on the terms of the existing tariff. An opposition journal at Rio observes:—

"It is feared that the machinations of England will too soon follow this up with a lasting convention, which will establish in favour of her commerce a monopoly that will be useful neither to the Brazilian treasury, nor to the actual circumstances of the country, and that cannot fail to excite serious clamours and vehement protests on the part of those Governments which have not concluded treaties with Brazil."

There is manifestly a fear of being taken in—an alarm on the part of the Brazilians lest England should overreach them in commercial diplomacy. They seem to be thoroughly acquainted with our internal struggles to expand trade and throw off protection; they take a comprehensive view of our commercial position, and keep a watchful eye upon the relative state of parties in this country. Witness the shrewd remarks of one of their senators, Senor H. Rezende—

"It was his conviction, and he should maintain it until he was convinced to the contrary, that the English nation, by which he did not mean either the Government or the aristocracy, but the people, lost more by the existing treaties than the people of Brazil, and that the commerce of England was more injured by them than the commerce of Brazil. This opinion was at

present gaining ground in England, and on this account the English Cabinet was strongly urged to do justice with respect to the productions of Brazil. What, in fact, had been the conduct of England with regard to colonial produce? It received the cotton of Brazil because the West Indian colonies produce no cotton. It received their coffee, by way of the Cape of Good Hope, because the West Indian colonies did not produce as much coffee as was wanted; but it refused to receive their sugar, because the West Indies produced that article. All the world knew that the English population was sacrificed to the interests of the English landowners and of the proprietors of the West Indian estates. All the world knew that the consumption of Brazilian sugar was prohibited in England, but that it was refined there and sent to the West Indies, in order that the planters of Jamaica and the other islands might be able to buy it at a very low price there, and in that way be able to send all their produce to England, to be sold at monopoly prices to the English people. All the world knew that the interests of the English people were thus sacrificed; but they had long been accustomed to submit to monopolies of all descriptions. Now, however, that the English population was becoming familiar with the discussion of such questions—now that they saw the flagrant injustice of sacrificing the working and labouring population to the proprietors—now that they saw that they were not allowed to taste the cheap sugars of Brazil, but were restricted to the dear ones of the Antilles, whilst the West Indians were allowed to purchase Brazilian sugars at a low price—from this time it would be impossible for the English Cabinet to maintain the interests of the aristocracy against those of the nation.”

Such being the tone of public feeling in Rio with respect to commercial relations with England, it is not surprising that Mr. Ellis, who was sent over to negotiate a further treaty, altogether failed in the object of his mission.

These failures in our attempts to enlarge our intercourse with other nations by means of treaties, are only what might be expected from former experience. For more than two centuries the Government of this country has attempted to prop its trade by securing to itself peculiar advantages through such means; and what is our present position? There is not existing a treaty which may be called reciprocal, as admitting the goods of this country on favourable terms; unless that with Brazils, which is about to expire, be excepted. On the contrary, we find that foreign tariffs are gradually increasing their *protection* against British goods.

What then! are we to buoy ourselves up with the vain hope, that the same repeated attempts may yet melt the

stony hearts of foreign powers? It is high time the delusion should be exposed. Unless we resort to different means, we seem as far from the attainment of our object as ever.

Now, it becomes important to ascertain what means we have at our disposal to induce other countries to trade with us. The ancient mode of coercing nations into customers by war has been found expensive, and is out of fashion; unless with an empire like that of China, semi-barbarous, which places itself out of the code of civilized warfare. The only inducement remaining is that of interest, either by favourable offers, or by threats of retaliation. We find, however, that when we attempt to persuade contracting powers, such as Brazils, Portugal, &c., that it is for their benefit to take our goods, they are apt to constitute themselves the judges of their own interests, and tell us to mind our own business. And if we retaliate prohibition by prohibition, the result is that we diminish our exports and imports,—thereby injuring ourselves more than the parties whom we wish to bring to terms.

Probably the British Government might have succeeded, immediately after the war, in obtaining modifications of foreign tariffs, on condition that concessions were mutual, and protection abandoned by both parties. At present our chance has gone by. The world at large attributes the wealth and power of England to her manufactures, and are attempting to follow her example. Regardless of the natural superiority which Great Britain possesses, in her insular position and her vast coal beds,—the growth of centuries, now the source of power,—foreigners imagine that they have only to acquire our machinery, to spy out our improvements, and to foster their own infant manufactures by legislative protection, in order to supply themselves with woven fabrics, if not to rival us in neutral markets. This mania for manufacturing pervades North Europe, France, Spain, and Portugal, and the United States. But their hot-bed manufactures could not possibly compete with ours on equal terms, excepting

certain branches which afford peculiar local advantages. It is vain to expect that these kingdoms will expose their infant, pet fabrics, to our full-grown competition on equal terms;—but a treaty of reciprocity with a manufacturing country like ours could not exist on other terms—hence it is idle to think of negotiating with any would-be manufacturing nation. When all are wishing to sell the same description of goods, and none want to buy, what possibility is there of coming to an agreement?

Great Britain, to consult her proper dignity, should at once assume an independent position, and cease from that posture of commercial begging into which she has lately sunk. Nay, she is compelled to do so, for she finds herself unable to influence materially the tariffs of those nations she is most ambitious to deal with. It remains, therefore, for her to consider what is the course to pursue under the discouraging aspect of foreign rivalry, foreign protection, and foreign prohibition!

M'Culloch, speaking of the object of commercial treaties, (see his Dictionary,) remarks—

“ Instead of confining them to their legitimate and proper purposes—the security of merchants and navigators, and the facility of commercial transactions—they have been employed as engines for promoting the commerce of one country at the expense of another. Hence these compacts are full of regulations as to the duties to be charged on certain articles, and the privileges to be enjoyed by certain ships, according as they were produced by, or belonged to, certain countries. It was in the adjustment and regulation of those duties that the skill of the negotiator was put to the test. It was expected that he should be thoroughly acquainted with the state of every branch of industry both in his own country and the country with which he was negotiating; and he was to endeavour so to adjust the tariff of duties, that those branches in which his own country was deficient might be benefitted, and those in which the other was superior might be depressed! The idea of conducting a negotiation of this sort on a fair principle of reciprocity is of late origin. Success in circumventing, in over-reaching, or in extorting from fear or ignorance, some oppressive, but at the same time worthless, privilege, was long esteemed the only proof of superior talent in negotiators.”

Query—Have not the late negotiators for treaties with Portugal and Brazils been acting up to these instructions?

M'Culloch further adduces a fundamental principle, as laid down by Sir Henry Parnell, that “generally speaking, “all *treaties which determine what the duties on exportation “or importation shall be, or stipulate for preferences, are “radically objectionable.* Nations ought to regulate their “tariffs in whatever mode they judge best for the promotion “of their own interests, without being shackled by engage- “ments with others.”

Fortified by these authorities, I might proceed to argue upon the *policy* of Great Britain framing her tariff so as best to promote the interests of her own subjects, perfectly regardless of the hostility of foreign tariffs; but, I repeat, it is no longer a question of policy;—it is a matter of *necessity*. Our Government has utterly failed in every attempt to modify foreign tariffs; nay, the converse result has followed. The question, then, as to what other countries may do, cannot affect our decision: we must presuppose a commercial hostility to this country, and ascertain how far their restrictive tariffs can affect our commerce, and what is our best mode of meeting them.

The present Government has, in a great measure, recognised the necessity or policy of an independent course of action in the late important alterations in our tariff. The principles which Sir Robert Peel laid down as the basis of these alterations were not rendered conditional as applicable to reciprocating countries only, but as a general line of policy for this country to pursue.

The rules are these:—

1. The removal of prohibitions, and diminution of duties virtually prohibitory.
2. The reduction of duties on raw materials generally to 5 per cent. as their maximum.
3. On semi-manufactured articles to 10 or 12 per cent.
4. On fully manufactured articles to 20 per cent.
5. The introduction of additional remissions of duty in favour of the productions of our colonies.
6. The abolition of export duties on our manufactures.

By a strange inconsistency, Sir Robert resisted the application of these rules to certain articles of the greatest consumption,—corn, sugar, wines. The exceptions were made on the two latter articles, on the ground of certain negotiations then going forwards with Portugal and Brazils. It was contended, that if these reductions were delayed, certain valuable commercial equivalents might be obtained from the contracting parties, in return for the proposed concessions. The foolishness of these exceptions has been proved by the result, and the wisdom of a general rule of financial policy confirmed. Our proposals have been rejected, and Government is reduced to the alternative of granting as a boon that which it made a matter of bargain, or continuing a heavy tax upon articles of great consumption, with a positive loss to the revenue, and a serious injury to the expansion of our crippled commerce.

Before proceeding further with our inquiry, it may not be amiss to ascertain the existing condition of our trade with these non-reciprocal, protective, manufacturing countries. Paradoxical as it may seem, our exports to them amount in round numbers to £20,000,000 declared value, or two-fifths of the whole of our exports. We find, then, that the protective system of other countries does not exclude our goods; and that the sanction of a commercial treaty is by no means essential to the formation of a valuable intercourse with other countries. Governments would fain attribute to themselves the credit of opening and securing foreign markets; merchants, however, stand on no ceremony; they wait not long for legislative interference, but force, by their own enterprise, an outlet for the products of national industry.

It may be deemed conclusive that foreign powers are unable fully to protect themselves, as they call it, against our cheap goods. The bare extent of our exports to those countries, where the system of protection is carried out to the fullest extent, shows its futility. Great Britain, with the most efficient preventive service in the world, has failed in the attempt, and other Governments meet with no better success.

The war against hostile tariffs cannot be carried on by our Government: it may safely be entrusted to the skill and activity of the private trader. The premium paid to the smugglers for the introduction of contraband articles, is the true measure of the extent to which protection can be carried, and of the barriers which Governments can interpose in the way of trade.

But, derogatory as it most assuredly would be to the honour of the British Ministry to aid and abet British subjects in breaking the tariff regulations of friendly nations, it forms no part of the duty of our legislature to enforce upon this country the observance of foreign prohibitions or commercial regulations. Surely we are not called upon to aid France or Germany in excluding our own manufactures! This suicidal policy has met with favour from a false philanthropy, as applied to the opium trade with China; but this is an exception. Revenue officers in general, however watchful and severe they may be in punishing offences against the laws they are appointed to enforce, have no objection to infringements upon their neighbours. The introduction of contraband goods from France is connived at by the French authorities, and *vice versa*. Yet to retaliate prohibition by prohibition—to meet excessive import duties by the same—is a portion of this very self-destructive policy. It is the only mode of enforcing the exclusive system of rival nations. Notwithstanding the prohibitive duties upon the introduction of English manufactures into France, our exports for 1841 were nearly three millions; but if both parties adopted a system of mutual prohibition, and were able to enforce it, all interchange would cease. Merchants may contend against foreign prohibitions, but when the difficulties are aggravated by the obstacles interposed in the shape of duty upon their returns, the barrier to intercourse becomes insurmountable.

We hear great outcry against this “one-sided system of trade,” as it is called, from parties whose opinion is entitled to great weight. For instance, Colonel Torrens, in a letter



addressed to R. Cobden, Esq., M.P., and inserted in the *Sun* newspaper of May 14, concedes—

“That it is by the amount of our imports, and not by that of our exports, that the wealth of the country is increased; that if we take care of the imports, the exports will take care of themselves; that America will not give us her corn for nothing; that she will demand payment in goods or in money; that if her tariff should render it impracticable for us to pay in goods, we should send goods to other markets in order to enable us to pay in money; and that as surely as we purchase foreign produce to an increased amount, we must, either by a direct or by a circuitous trade, sell British goods to an equally increased amount, in order to pay for it.” “These positions,” says the Colonel, “are self-evident truths, yet have no bearing upon the question whether the prosperity of the country would be promoted by admitting American produce free of duty, whilst America refuses to relax her tariff. The real question at issue is, whether the increased amount of our exports would be effected, without such a reduction in value of British goods as would cause a decline both in profit and wages.”

How the value of goods could be reduced, when, as the Colonel confesses, there must be increased exports to pay for the increased imports, or in other words, an increased demand, is not clearly explained! If the relative price of an article depend upon the ratio betwixt supply and demand, when you increase the demand you must also increase the relative price.

But the Colonel further argues—

“Explain to me the terms upon which, while America retains her tariff, England could pay to that country an additional £4,000,000 per annum for imported corn? Would you effect this payment by exporting to the United States increased quantities of the staples of Yorkshire and Lancashire? If you did you would have to encounter “ad valorem” duties of from 30 to 40 per cent., and would be compelled, in order to compete with the similar fabrics of America, to sell your goods at prices lower by 30 and 40 per cent. than those which the American manufacturer might realize. Now, American labour is as efficacious as English labour, and therefore when you sold the produce of English labour at prices reduced by 30 and 40 per cent. below the prices of the produce of American labour, you would be compelled to reduce the wages of the English operative from 30 to 40 per cent. below the wages of the American operative. A considerable decline of wages, and an insuperable obstacle to an advance of wages, would be the inevitable results of paying, during the continuance of the American tariff, for large importations of American corn, by a direct exportation of British goods to the American market.”

If this argument be valid, we must, *at present*, sell the goods we export to America at 30 to 40 per cent. loss, or otherwise reduce the wages to that amount below American wages: and if our import duties on American produce were levied to the same per centage, (on cotton, as on tobacco and corn,) the English labourer would first have to sell his labour at 30 to 40 per cent. less than the American, and with his diminished earnings, would have to pay 30 to 40 per cent. more than the American labourer for articles of consumption. A converse conclusion may fairly be drawn, viz., that the English labourer, being *now* compelled to compete with the American and continental labourer at a disadvantage of 30 to 40 per cent., should not have the additional burden of a higher price to pay for subsistence. As to the £4,000,000 additional imports, it is clear that they must be paid; and if our English merchant have a difficulty in meeting his engagements, or the American seller find his payments made very tardily, the adjustment may safely be left to the parties interested, without the clumsy interference of any legislative enactment. The Americans would eventually trust us no more than we could pay for, and the English merchant would in future avoid placing himself in a situation of difficulty. Hitherto the state of affairs has been the reverse. The English merchant and manufacturer have poured into the States their surplus goods, and the depressed condition of the home trade has unnaturally forced our exports through this tempting outlet. But our own tariff has stepped in and prevented the returns of a most important part of American produce,—I mean articles of subsistence. Britain being the wealthier country, has, like a rich banker, been tempted to lend her money out at interest. America gave us her cotton and tobacco against our millions sterling of exported goods, state stocks, bank shares, &c.; she further offered us her corn, which we were so foolish as not to accept,—hence the loss has fallen upon our own shoulders, and hence the paralysis of our manufacturing industry, with a decline in wages. Colonel Torrens's

caution amounts to this, that we should not buy of a poorer nation more than we can repay—a nation, moreover, which owes us a heavy balance of an old account. Surely a needless caution, and a very questionable evil! But how are we to pay for the £4,000,000 increased imports, which create such alarm in the Colonel's breast? It must be in manufactured produce, colonial or foreign produce, or gold? If paid for in produce, there must be a greater demand, and consequently a tendency to advance the price, as also those portions of it which may be resolved into labour and profit. If in gold, the value of the precious metals would be slightly raised at home; and when higher than the continental price, an influx would inevitably occur, (as it always has done on similar occasions,) and the balance after all be paid in produce. All this might be done without any material alteration in the standard of value, or a revulsion of prices. Our expansive system of paper money is ever ready to supply a deficient currency, whilst under proper regulations the abuse is prevented.

The Colonel's concluding argument is this:—

“Were you to increase the demand for foreign production by repealing our import duties, while the retention of hostile tariffs prevented a corresponding increase in the foreign demand for British goods, you would reduce the value of the produce of British labour in relation to the produce of foreign labour; or in other words, you would raise the value of foreign commodities as compared with domestic commodities. Now gold is a foreign commodity, and consequently you would raise the value of gold in relation to British labour and its products.”

To this it may be replied, that the repeal of our import duties, pending the retention of foreign hostile tariffs, can at all events have no effect in diminishing our exports. Supposing, then, that with stationary exports, our imports increase, the increased quantity of our imports is equivalent only to the same amount of returns, and consequently the proportionate value of foreign produce in the home market will be diminished, according to the increase in quantity, (although it may be raised abroad,) whilst domestic produce will maintain its price, inasmuch as the demand will be

stationary. Meanwhile the very efforts of our merchants to make returns to foreign exporters, and the self-interest of those exporters, will mutually aid each other in breaking through the hostile tariffs. In proportion to this success will follow an increased consumption of British manufactures, and an advance in price. In this war against hostile tariffs the British merchant has peculiar advantages. Foreign produce consists chiefly of articles of bulk, raw produce, cotton and corn, which are exceedingly difficult to be smuggled into Britain. But if the barriers against importation be thrown down, there is little difficulty in effecting payment by the introduction of our light, condensed, valuable manufactures. The ultimate loss to the revenues of foreign powers will prevent the permanent imposition of excessively high protective duties against British manufactures.

Before we adopt a retaliatory tariff, or attempt to meet high duties by maintaining them ourselves, it may be well to ascertain who are the parties upon whom the burden falls. Now, if we could retort commercial hostility, by raising the import duties on the produce of the offending nations, and thus repay the manufacturers for the injury done to them by closed markets, there would be a method in our revenge, and a probability of reducing them to terms. But the consumer pays for taxation upon articles of consumption, and it would be a strange way of punishing others to impoverish themselves. Simple as this proposition is, and apparently self-evident, yet several well-informed politicians have denied the truth of it—perhaps none more strenuously than Lord Monteaule. To prove it more forcibly, let us trace the operations of import duties upon price, and suppose that in consequence of the rejection of our offers by the Brazilian Government, an additional duty of 6d. per lb. was levied on their coffee. Who would pay the duty? Why, most certainly the British merchant who took the coffee out of bond for home consumption; the Brazilian exporter would *receive* returns for his produce, and not have to *pay* to us. The British merchant would resell his coffee to the wholesale

grocer, with duty added; the next purchaser would be the retail grocer; and ultimately the consumer would have to pay;—upon him, as the last purchaser, the duty must eventually fall. So with all import duties.

—True it is, that the foreign grower and exporter would suffer *indirectly* from the diminished consumption attendant upon a higher price, just as we suffer by hostile tariffs; but this is very different from maintaining that foreigners pay our import duties on their produce, or that we have to pay foreign taxes upon our goods.

Be it fully understood then, that in maintaining our high tariff, either as a protection or retaliation against the exclusiveness of other Powers, we tax ourselves without inflicting a corresponding burden upon our opponents, and the punishment falls principally upon ourselves. Moreover, the revenue reaps no adequate benefit from a high duty,—in most cases a positive loss from a falling off in consumption. Thus, in adopting a retaliatory tariff, our folly would be more manifest than the gratification of our revenge;—blinded by an ill-regulated desire to injure our rivals, we should rivet upon *ourselves* the fetters which we were trying to impose upon *their* commerce.

In the article in the first No. of the *Foreign and Colonial Quarterly Review*, generally attributed to the late Vice-President of the Board of Trade, there is an amusing illustration of the recoil of a system of protection upon its originators, as lately exemplified in France. The talented author remarks:—

“ In doubling the duties on linen yarns, it was necessary to make an equivalent augmentation in the duties on cloths, or the manufacturer who purchased his yarns at an artificially enhanced price, would have been open to competition on unequal terms with those who could obtain their materials free from the burden of any such charge. The duties on linen cloth were raised accordingly. This measure fell heavily upon the importations from North Germany. The Zoll Verein exhibited no reluctance to enter upon reprisals. The Congress of Stutgard forthwith raised to double their former amount the duties upon certain articles, chiefly imported from France, including quincaille, bijouterie, and the other articles of Parisian industry,—gloves, cognac, and paper hangings.

“The Parisian manufacturers, good innocent folks, forsooth, are up in arms : they complain grievously, and, if they were not sympathisers with the ordonnance of June, justly, of the stroke thus aimed at their tasteful industry : their disputations besiege the very same doors of the Minister at which the flax spinners, a few months ago, knocked so imperiously for a purpose the contradictory of theirs : their complaints jar in horrible dissonance with the exultations of those who preceded them ; and France, before the eyes of the world, bears witness against herself in the matter of customs’ warfare.”

The difficulty of negotiating favourable commercial treaties with independent nations, has directed public attention to our colonies, as being under our own exclusive control. But here another obstacle stares us in the face. Whatever advantages we claim for the introduction of our manufactures into the colonies, are claimed by them in like manner for the introduction of their produce into the mother country. Hence the long list of differential duties, incumbering our tariff, and rendering its provisions oppressive to all parties concerned. The colonies are frequently obliged to purchase in our distant market, at a dear rate, articles which they might obtain at a less price from a neighbouring country ; and foreign commodities are brought to us by an expensive circuitous voyage, in order to obtain the benefit of an entry as colonial produce at our custom-house : thus protector and protected have each to suffer a useless, wasteful expenditure. But the subject is so important that we devote a separate chapter to it.

## CHAPTER II.

COMPARATIVE MERITS OF COLONIAL AND GENERAL FOREIGN TRADE—FOLLY OF DEPENDING UPON COLONIES, HOWEVER FLOURISHING AND WEALTH-BRINGING—ILLUSTRATED BY REFERENCE TO SPAIN—NO SECURITY FOR THE PERMANENCY OF OUR COLONIAL DEPENDENCIES—THE UNITED STATES OF MORE VALUE TO US SINCE THEY ATTAINED THEIR INDEPENDENCE—EXTENSIVE COLONIES A SOURCE OF WEAKNESS.

It is quite the fashion to magnify the value and importance of our colonies. Many of those alarmists, who frighten the manufacturers at the progress of machinery on the continent, comfort them with a recommendation to depend upon our vast colonies for a market—"A market," say they, "which is sure and steadfast, inferior only to the home trade. Our vast dominions in the East, if properly treated, may take one-half of our manufactured exports. Look to the returns! you will find our exports to the East Indies increasing every year, whilst to the continent there is a gradual declension. You may look forward to a period when the Europeans will fabricate their own goods entirely, and you will inevitably be shut out of their markets. The only prospect of good trade dawns upon us from our colonies."

Suppose it granted that this mighty change in the channel of our trade must inevitably occur—that our colonial exports increase beyond the most sanguine anticipations, and instead

of comprising little more than one-fourth, they should constitute one-half, or three-fourths,—what are we to gain by the change? What possible difference can it make to the humble wearer of printed calico, whether the raw cotton of which the fabric is composed be imported from the United States, from Brazils, or from Bengal? The only inquiry of the purchaser is, “pray, which is the cheapest, or the best?” Shall we dwell very uncomfortably in houses roofed with Baltic timber, instead of Canadian? All we ask is, “Is the roof safe, is the timber sound?” We naturally prefer that which affords the more durability and strength at the same price, and do not voluntarily endanger the safety of our houses, in order to uphold our colonies. Some few ladies, who are cruising for an Indian nabob, may dilate upon the praises of Assam tea, “How much they prefer it to souchong or hyson!” but the thrifty housewives of England will in general care little about the name, if the herb possess the flavour they prefer.

Many of our agriculturists have a peculiar pleasure in living upon the produce of their own farms. It is their pride to say, “This mutton is of my own feeding—the beef is from stock which I have raised.” But this pride would not extend to the farmers’ guests, in case the mutton were rank and ill-flavoured, or the beef tough. Our Government seems to have a considerable share of the farmers’ pride. It has secured a fine timber country in Canada, taken possession of large sugar estates in the West Indies, and is using every effort to provide us with cotton and tea of our own growth in the East Indies. It has furnished us with extensive sheep-walks in Australia, and a prospect of cultivating our own flax in New Zealand. Moreover, we establish our own hotels on the high road of nations. When John Bull takes a trip to the Mediterranean, he puts up at the sign of the Union Jack, in Gibraltar, Malta, or the Ionian Isles. When he makes a voyage to his East Indian possessions, he casts anchor at the Cape of Good Hope, refreshes at the Mauritius, calls at Ceylon, and eventually makes Calcutta his head-quarters.



John Bull's pride of ownership is gratified by the extent and magnificence of his territories. He forgets the yearly cost, or argues that it is not a mere question of cost. "He derives so many indirect benefits from his colonies." The healthy nurseries of Australia, New Zealand, or the Canadas, afford a wide outlet for his surplus population, or convenient settlements for his needy offspring. They supply places for the younger scions of nobility, estates for the gentry, and a wide profitable field for the labour of the poor.

Doubtless our intimate connection with these vast continents,—whose climate, soil, and productions approximate so closely to those of Europe, where Englishmen thrive and luxuriate like indigenous plants, gradually replacing the aborigines with a new, healthy, vigorous, energetic race,—whither our countrymen are transplanted without the necessity of changing their mother tongue, or subjecting themselves to a new form of government—where security of property is guaranteed, and the chances of life are not endangered,—is productive of real solid advantages, not to be estimated from a table of our exports and imports. The torrid clime of India, where so many of our countrymen have found an early grave, and our race in vain attempts to strike root, holds out no such claims to our regards.

It is not the mere fact of those countries being our colonies which constitutes their acceptance in our eyes. It is the intrinsic adaptation of the soil and climate to our constitution and wants, and the temptations to settlement which the scanty possession of a few miserable hunting tribes offers to our crowded population—these are the attractions for our hordes of emigrants, which no change of government can repel.

I know not whether we are to class as emigrants those crowds of our wealthy gentry who flock to classic Italy, fill the German watering-places, and settle in great numbers in the towns of Brussels, Paris, Boulogne, &c., giving to several the character of a mixed population. In Brussels alone there are upwards of 10,000 resident English. But, exclusive

of these *settlers* in Europe, the emigration returns ending January, 1842, are—

United States .....	45,017
North American Colonies.....	38,164
Australian Colonies .....	32,625
West Indies and Cape of Good Hope... ..	2,634
Central America and Texas.....	152
Total.....	<u>118,592</u>

Hence the emigration to the United States is the greatest in amount, and it would appear that two-fifths of our emigrants prefer an independent government. It is not necessary, then, for the purposes of emigration, that the destined tracts should be subject to the mother country. On the contrary, we may infer from these returns, that their eligibility is increased by their independence.

We are too prone to regard the colonies as a mere appendage of the British crown, intended to increase our revenues and resources. Whenever we have attempted this mistake, the colonists are ever the foremost to convince us of our error. The connection on our part is that of a parent watching over its child, nurturing and protecting its infancy, strengthening its riper years, and gradually instilling the spirit of self-government. When it arrives at the age and strength of manhood, our wisest policy would be to give it independence, but not before it has the energy to maintain that independence.

Our Government has discovered the impolicy of making use of our colonies as penal settlements, and has given a new version to the sentence of transportation. What, then, becomes of the peculiar advantages derived from our colonies, in contradistinction to our intercourse with independent nations? Could they be proved, who can guarantee the permanency of our colonies? We have already been separated by force of arms from the most important of them—the United States, after a long, unsuccessful, and humiliating effort to regain our sovereignty. Within a few years we have witnessed the sudden attempt of Canada to assert her independence; and to her internal divisions alone can be attributed her want of success. The storm has been allayed; but any imprudent

act of legislature might rouse the latent passion, and sever the connection for ever. The acts of the House of Assembly in Jamaica have shown a spirit of defiance to the mother country, of which the ultimate aim cannot be mistaken. Possibly some fear of the emancipated slaves may have infused a greater share of moderation in their councils, and occasioned the desire of protection from Great Britain in case of need. Our invincibility in the East, upon which is based the vast superstructure of our dominions in that quarter of the globe, has been shaken. The rest of our colonies hang upon the thread of our naval superiority, which the American wars have taught us not to consider infallible. Are we, then, to trust our vast foreign trade, with the mighty attendant interests of "ships and commerce," upon so frail a tenure as the continuance of our colonies? It would be a risk—a miscalculation of chances, unworthy of a gambler!

Spain offers us an instructive example of the fugitive vanity of colonial possessions. The discovery of America aroused in her the ambition of conquering a hemisphere. With a miser's grasp she laid hold of the boundless riches of her new-born empire. Gold was then considered as the only wealth; and by the utmost exactions of a greedy despotism, she wrung from the toil of her Indian subjects the hardly-earned produce of the South American gold mines. By the most severe and prohibitive laws, she endeavoured to retain this wealth within her own dominions. Her commerce with the rest of Europe was neglected. All her attention, all her hopes were absorbed by her colonies. Spaniards lost their industry and enterprise. They revelled in their easily acquired riches. Yet, in spite of every precaution, their gold oozed out, to purchase from the rest of Europe articles which they had ceased to manufacture for themselves. Spain gradually sank in the scale of nations. By contact with an easy, indolent race, her subjects lost their energy and high state of cultivation. Eventually, the despised and oppressed colonists, roused by unjust exactions, levied solely for the benefit of the mother country, raised the standard of revolt, and boldly

shook off an unworthy allegiance. Even the poor Indians, who so long were trampled underfoot, have turned short upon their scorers, and achieved their independence.

Commerce with a co-equal, powerful, civilized nation, raises a manly, healthy spirit of competition: all our energies are called into play. But over a feeble Hindoo, or effeminate Chinese, poor must be the triumph of our machine-aided skill. When our ability to cope with the nations of civilized Europe or the United States ceases, from that moment will date the retrogression—the decay of our commercial greatness! We have hitherto maintained our commercial superiority, solely by our supereminence in national industry and skill.

Suppose we take another view of the question, and institute a comparison betwixt the pecuniary value of our exports to the colonies and to the world at large. The proportion of our colonial trade in 1840 was about fifteen and a half millions out of fifty-one and a half; and in 1841, thirteen and a half out of a total nearly similar. But there are some heavy drawbacks. According to a Parliamentary return, the net expenditure incurred by Great Britain, on account of her several military, maritime stations, colonies, and plantations, during 1833 and 1834, was £2,364,309. This may be considered an average, and a very moderate one. Most assuredly the year 1841 would present no diminution: on the contrary, if the expenses of the war in Affghanistan were added, the amount would be considerably increased. Again, we have to estimate the loss to the revenue from differential duties. According to M'Culloch, the loss upon timber alone, by the old tariff, would be £1,500,000. Perhaps, by the new tariff, it would not exceed £1,000,000. Then upon sugar, the differential duties are still greater. In fact, the duty on foreign sugar is prohibitory. Add to the loss upon sugar, that upon other articles of the tariff, we shall be considerably under the mark in calling the amount at £2,000,000. But there is a farther loss to the consumer, which does not benefit the revenue, and might be justly included in our estimate. The profit and loss account would then stand as follows:—

## COLONIES' PROFIT AND LOSS ACCOUNT.

<i>DR.</i>		<i>Per contra—CR.</i>	
	£		£
To annual average of Ex-		By annual ex-	
penses incurred in main-		ports.....	13,500,000
tenance and defence.....	2,364,309	Deduct cost of	
To annual loss to revenue		raw materials..	3,000,000
from differential duties...	3,000,000		
To interest on outlay—		Labour and Profit.....	10,500,000
Slave Manumis-	£		
sion .....	20,000,000		
Outlay in Sierra			
Leone .....	8,000,000		
Original cost of			
conquering the			
colonies, or			
wresting them			
from other			
countries, un-			
der-estimated	22,000,000		
	<u>£50,000,000</u>		
Annual interest, at 3 per ct.	1,500,000		
To Balance .....	3,635,691		
	<u>£10,500,000</u>		<u>£10,500,000</u>

It is more than probable that the loss to the consumers in the mother country and her colonies, occasioned by these differential duties—and a loss which is no gain to the revenue—will more than cover the balance of £3,635,691. Should this hasty sketch at all approximate to the real state of the case, it may tend to remove all visionary notions of the pecuniary profit we derive from our colonial trade. In fact, it is a question whether the total value of our colonial exports is not swallowed up by the annual cost, (including loss to the revenue and consumers, and interest on the extraordinary sums granted directly or indirectly on account of our colonies.) In the case of the United States, we derived no advantage from them until they acquired their independence. Lord Sheffield, as quoted by M'Culloch, says:—

“By the war of 1739, which may truly be called an American contest, we incurred a debt of upwards of £31,000,000 : by the war of 1755 we incurred a farther debt of £71,500,000 : and by the war of revolt we have added to both these sums nearly £100,000,000 more ! And thus we have expended a far larger sum in defending and retaining our colonies, than the value of all the merchandise we have ever sent them. So egregious has our impolicy been in rearing colonists for the sake of their custom.”

Query, are we not still pursuing the same impolicy?

The very magnitude of our colonies proves a source of weakness. During the alarm of a foreign invasion from Napoleon, when the circuit of our coast bristled with forts, we found no small difficulty in presenting the show of defence on every vulnerable point. But now we have spread out our branches, and the plucking of the farthestmost twig inflicts a wound. We have the straggling frontiers of Canada, the numberless circles of our West Indian archipelago, the interminable coast of our Australian continent, with the accompanying islands, the vast limits of our East Indian territory, besides our innumerable military stations, all these we have to defend, and at every pore we may imbibe *war* ! A threatened irruption on the farthestmost boundary of our Eastern territory by a mountain horde, sets in motion all our complicated military organization, and ends in a sacrifice of 20,000 lives, at the cost of several millions sterling, under the plea of preserving our position and increasing our strength!

It is often argued that the large naval and military establishments, entailed upon us by our colonies, are a great cause of our national strength. If so, the United States must be weak, for they have no standing army; France must have enfeebled herself by disbanding 100,000 soldiers; and Algiers prove a national benefit. When a government annually exhausts her treasury by the pomp and parade of war, she is manifestly less prepared for the extraordinary efforts which a real emergency requires. Her strength lies in the character of her people, in their numbers, their industry, their hardihood, and their intelligence—not in the number of her soldiers. The United States have the smallest standing army, in proportion to their population, of any civilized nation; yet they are the last we should wish to engage in war.

Sufficient has already been advanced to prove the impolicy of directing attention to our colonies, as the best market for the produce of the mother country, to the neglect of nearer and better customers. The unprofitableness, and indeed the *danger* of such a course, are equally conclusive. Do away with all differential duties—throw upon our colonies every

fair and reasonable charge for their own protection—leave commerce to find her own channels—and the relative advantage of the colonial trade will soon show itself. Such a policy would relieve both parties of a very heavy indirect taxation; and the colonists themselves would eventually find it the greatest boon we could confer upon them.

If we may venture to draw an inference from the United States, our commerce would receive a fresh impulse from the independence of our colonies. At the commencement of the revolutionary war in 1776, our exports to the North American colonies were £1,300,000; but after the acknowledgment of the independence of the United States, our merchants expected that the whole of the American trade would be taken up by the other nations of Europe, more especially by the French, who had been the allies of the States. It was predicted that all the advantages we had derived from our late colonies would henceforth be lost to us. Yet what was the result? Why, in 1784, the official value of our exports to the newly recognised States had increased to £3,600,000. Subsequently the declared value in one year (1836) reached the enormous amount of £12,425,605 of British and Irish produce and manufactures. The history of our commerce with the United States leaves us no cause to regret their independence. In every respect we have been considerable gainers by the change.

Whilst we are propping up our colonial interests by differential duties, (more especially on the article of sugar,) Jamaica, the most important of our West Indian possessions, is returning the compliment, by raising her scale of duties on home produce. Such is the gratitude we meet with for our spendthrift philanthropy, in paying an extravagant price for the manumission of their slaves, and our grant to them of a monopoly of the home market for sugar.

The following communication was made to Government by the Cork Committee of Merchants, March 17th, 1843 :—

“ STATEMENT.

“ A new schedule of inland duties has lately passed the Legislature of Jamaica, for the purpose of raising a revenue for that colony, and now waits the sanction of the home Government.

“ Finding that these proposed duties are very considerably increased, and unequally proportioned, the Committee of Merchants of Cork have directed the attention of the Secretary to the Colonies, Lord Stanley, to the subject, as one which would be seriously disadvantageous to Irish commerce and agriculture, and demanding the most decided interference on his part.

“ The proposed new scale is to this effect :—

“ On beef 20s. a barrel, equal to from 30 to 75 per cent., according to quality.

“ Pork 20s. per barrel, equal to 45 per cent.

“ Butter 4s. per 64 lbs. equal to 8½ per cent.

“ Bacon 8s. per cwt., equal to 20 per cent.

“ Candles 1s. 6d. on 56 lbs., equal to 7 per cent.

“ Lard 3s. on 70 lbs., equal to 12½ per cent.

“ Porter £3 3s. per ton, equal to 25 per cent.

“ Soap 2s. per 56 lbs., equal to 25 per cent.

“ Its rates on English manufactured goods, when contrasted with the preceding, are very unequal. On glass, silks, cotton, hardware, manufactured paper, &c., the duty proposed is no more than four per cent. on the value.

“ The imports of Irish produce into the island of Jamaica for the year 1840, which may be considered a fair criterion on antecedent years, and before the introduction of foreign provisions into the West Indies, were

“ 1,200 barrels of pork.

“ 12,700 firkins of butter.

“ 7,400 firkins of lard.

“ 15,000 boxes of candles.

“ 37,000 boxes of soap.

“ Besides beef, porter, hams, and other articles.

“ Irish imports into the other islands are also very considerable ; and though the new Jamaica tariff is of very deep importance, as has been shown, yet it is very possible that the other colonies may follow the example, unless the Irish interests unite without delay to check the present, as well as any other similar proceedings.

“ The different duties in favour of articles the produce of the United Kingdom and its possessions, shall, in no case, be lower in the colonies than they are at home.”

This statement requires no comment : but what becomes of the peculiar advantages, the special security, of our colonial trade, if, for the sake of revenue, the colonial legislatures



are permitted to raise their duties at the very time we are reducing ours, and allowing increased privileges to their produce ?

Porter's last volume of "The Progress of the Nation," article "Colonies," chap. i., contains some valuable remarks upon the colonies and our colonial system. He contends that

"If properly managed, they might be productive of great benefit to the mother country ; but, under the influence of perverse causes, are sources of weakness rather than strength to the parent state. The principal cause of this fact is not difficult to point out. Until a recent period, the trade with our dependencies has been converted into a close monopoly in favour of England ; and although various relaxations have been made in this selfish system, it is still sought to retain a great share of the supposed advantages of monopoly by means of differential duties chargeable in the colonies against the production and manufactures of foreign countries. In order to reconcile our colonists 'to this monopoly,' the legislature of England has sought to give them compensation, at the expense of other countries, by means of differential duties, that admitted the productions of our colonies at lower rates than the same productions brought from other countries. Every real benefit thus obtained from the colonies must be at the expense of the people at home ; first, because of the high price which we pay for colonial articles, and without which higher price there could manifestly be no advantage to the colonist ; and farther, because of the retaliatory measures which the system is sure to give rise to in other countries whose produce is thus placed at a disadvantage in our markets, and which measures of retaliation are levelled, not at the trade of our colonies, which, indeed, they cannot reach, but against that of the mother country.

"The amount of injury sustained from this last named cause cannot well be made the subject of calculation ; but some idea may be formed of the ruinous effect of differential duties upon the expenditure of this nation, by showing the result produced in one year by the prohibitory duty upon a single article of colonial production—sugar. It is shown that we paid, for the quantity of sugar used in 1840, more than £5,000,000 beyond what would have been paid for the same quantity, irrespective of duties, by any other people of Europe. The total value of our manufactures exported in that year to our sugar colonies was under £4,000,000 ; so that the nation would have gained a million of money in that one year, by following the true principle of buying in the cheapest market, even though we had made the sugar growers a present of all the goods they took from us. It must be idle to suppose that colonies depend for their existence and progress upon such preferences. Unless prevented through the interference of legislative restrictions, they will certainly be able to apply their industry in some profitable channel. The very fact of their existence indicates that the inhabitants of colonies are in possession of advantages, whether of soil or climate, greater than are afforded by the country whence they have emigrated ; and it must be

reckoned amongst the evils inflicted by differential or *protective* duties, that they divert capital and industry from more profitable into less profitable, and sometimes even into hurtful branches of employment.

“Enough has been said to show that it is not by means of commercial restrictions and monopolies that colonies can be made valuable. Emancipate your colonies from all the shackles with which your shopkeeping spirit has loaded them ; let them be free to adopt such commercial regulations as each may find best suited to its circumstances, and you may then safely proceed to emancipate yourselves from the countervailing shackles you have imposed upon your own commerce. Thenceforward your trade with your foreign possessions will be truly profitable to this nation. The settlers with whom it is carried on will have taken with them, or will have inherited from their fathers, a taste for the manufactures of the old country, and as they will for the most part be unable themselves to produce those manufactures, they will have every inducement to buy them from their countrymen, rather than resort to foreign markets for a supply. That England, which boasts of its power of competing successfully with the whole world in so many branches of manufacture should think it necessary to force her goods by fiscal regulations upon people who have already the strongest inducement to trade with her, seems an absurdity that one is at a loss to imagine how it could ever have been conceived. Such a course of legislation is not simply useless, it is positively mischievous, by interfering with the natural rights of the colonists, and inducing the feeling that there can be a diversity of interest between themselves and the parent country.”

What conclusion is to be drawn from these arguments? Are we to emancipate our colonies? Not until they are desirous of emancipating themselves ; since having undertaken their guardianship, we are morally bound to continue it until that period when they shall have gained constitutional strength to govern and protect themselves.

The immediate and only inference I have in view is the necessity of *an abolition of all differential duties* ; a necessity which is equally forced upon us, whether we regard our own interests or those of our dependencies.

The absurdity of withdrawing our attention from our neighbouring customers in Europe and the United States, to the distant markets of our colonies, has already been proved, and an attempt made to show by precedent the danger of such a course.

It remains only to answer the question, whether by abolishing the differential duty on Brazilian coffee and sugar, we should not be encouraging slave produce, and endangering

the success of our great measure for the freedom of slaves? But that measure was conclusive! Surely it was never contemplated, that in addition to the premium of £20,000,000, this heavily taxed country should be further subject to a yearly charge made by the planters in the shape of protection to their sugars! No such stipulation was ever made, and there is not the slightest pretence for asking it! Whilst we are striking the fetters from off the cramped limbs of the poor negro, shall we transfer the irons to that commerce which nature intended to be free as the ocean? The freedom we ask *from*—the freedom we would grant *to* the colonies, to the *whole world*—is, “to sell in the dearest and buy in the cheapest markets.”

## CHAPTER III.

REMARKS ON THE COMMERCIAL POLICY OF MODERN EUROPE—ON THE BALANCE OF TRADE—THE SELF-REGULATING POWER OF COMMERCE, AND THE IMPOSSIBILITY OF CONFINING ITS ADVANTAGES TO ONE PARTY—EVILS OF PROTECTION.

IF we search into the history and character of the various commercial regulations instituted by the great Powers of the civilised world, we shall find them generally distinguished by this prevailing principle—the imposition of a heavy tax upon all imports of foreign produce, and a desire to exclude all articles which may directly or indirectly compete with native industry. Lord Howick, in the able speech he delivered on Ricardo's motion upon commercial negotiations, remarks—

“The whole policy rested on the assumption, that there was a great superiority of importance in the export trade over that of importation. Now it was impossible to look at the subject without perceiving that the whole fabric was based on delusion. It was the remains of the old received doctrine, that to *derive benefit from trade, they should export more than they imported, and obtain payment for the balance in the precious metals. Now the great advantage of trade consisted not in what was sent out, but what was received*—in the addition which trade made to those commodities which conduced to the well being of the people—in the increase of the necessaries, the comforts, and luxuries of life—in placing them at the disposal of the people. The export trade was valuable no doubt, but only as a means to an end, only as a means to import articles for the supply of our wants, real or artificial.”

The direct tendency of this policy on the part of various Governments is to hurry on their subjects to bankruptcy ; to

tempt them by every legislative encouragement to send out the products of their industry, and then to stand betwixt the merchant and foreign customer, excluding the only payment which the latter has to offer. If the desideratum be an illimitable market, whence there shall be no return, yet a market sufficiently extensive to take off all surplus produce, the ocean offers a ready resource. The luckless underwriter knows to his cost that the murky deep renders little back.

But it may be remarked, that the most prohibitively jealous nation has no objection to receiving payment in *specie*; it is only payment in *kind* against which custom-house barriers are raised.

Now *specie* is useful only as a means of exchange, and if it were possible for this country to receive £50,000,000 per annum in gold, it would be useless to us until exchanged for articles of consumption. Why not receive at once their articles of consumption, and spare ourselves the trouble of hoarding up the precious metal with a miser's joy, which, of necessity, we must afterwards exchange for such articles of produce as were first offered us? We shall treat of this *specie-fallacy* more fully in the ensuing chapter.

Turkey presents a singular exception in her commercial code to the prevalent policy. Her tariff is based on the opposite notion, namely, that a country is enriched by what she receives, and impoverished by what she exports. Hence her exports are fettered by prohibitions and heavy duties, while she unreservedly admits the products of other countries. In our superior wisdom, we are apt to view such policy with compassionate self-complacency, and congratulate ourselves upon our own more enlightened views. Probably a little further examination may prove their error to be less than ours. The only test of the realised value of our exports is that which we receive in return for them; and if Turkey could succeed in her aim—to give as little as possible and receive as much as possible—she would evidently profit more by her system than we by ours. In order to balance the profit and loss of a foreign trade, an estimate must be drawn

of the value of all that is received into, and all that is sent out of, the country. The profit will be the excess of the value of imports over the exports, and vice versa.

There is a class of discriminating duties in contradistinction to prohibitive or protecting duties. Sir Robert Peel, in his prepared rules, makes three distinctions of duty, viz., 5 per cent. on raw materials, 10 per cent. on semi-manufactured articles, and 20 per cent. on those fully manufactured. In so far as the minimum scale of 5 per cent. applies to raw materials, such as cotton wool, sheep's wool, flax, hemp, and silk, (which constitute a nucleus of labour, and are afterwards re-exported,) the arrangement is wisely ordered. If it be hence inferred that there is an abstract gain in exporting fully manufactured articles, and a disadvantage to the nation receiving them, in contradistinction to raw materials, the inference is strained, and cannot be borne out by facts.

Suppose England imports from Germany agricultural produce to the amount of £1,000,000 sterling, and pays for it in manufactured goods, on which side would preponderate the advantage? If, as some state, the benefits would accrue to the party which accumulated the most labour on its productions, England would be the favoured party. But the raw produce is worth its equivalent only, and if it fetch the same amount of goods, say £1,000,000 sterling, Germany would reap equal profits from the transaction. Moreover, the labourers of the two countries would derive a mutual and equal proportion of wages, provided the rates of taxation were equal. If taxation were heavier in Great Britain, her subjects would derive less benefit from exporting highly manufactured articles than Germany from the export of raw produce. In like manner it would be difficult to persuade the United States, or the Canadas, that in exchanging the indigenous growth of their native forests, or the ready produce of a willing soil, for British manufactures, they had the worst of the bargain. Our own agriculturists are in a similar position, and would be equally hard of belief. The mere growth of raw produce is dependent upon the bounty

of Heaven and the fertility of the soil ; but the preparation of the earth and the transportation of its produce, require a large share of human labour. Hence it will be found under ordinary circumstances, that, in the interchange betwixt manufacturers and agriculturists, equivalents of labour are given and received.

We may then spare ourselves a further discussion upon the differential character, per se, of the value of raw produce and manufactures as articles of export ; proceeding to establish the principle, that the realized value of our exports is limited by the amount of our imports ; and, vice versa, that the value of our imports is limited by that of our exports. This proposition is self-evident. The market price of an article is not that which the producer or the owner chooses to put upon it, but that which he can obtain in exchange ; so the value of our exports is not that which the exporter affixes, but that which he receives. Now, it is to the interest of both exporter and importer that what we receive should be as large in amount as possible, compared with what we send out. Any obstructions, in the shape of high or prohibitory duties upon imports, must consequently operate most injuriously upon our foreign trade, and indirectly upon the home trade, by the double loss of diminished employment of labour, and diminished supply of articles of consumption.

At the first glance it might appear that the profit or loss of our foreign trade in general, or with any particular country, might readily be ascertained from our tables of imports and exports ; but unfortunately we have no return of the export or import of the precious metals, and our tables of imports are based upon the uncertain standard of official value.

The great fluctuations in our exports tend to illustrate our previous argument. For instance, our exports to the United States in the year 1836 were £12,425,605 declared value, whilst in 1837 they dwindled town to £4,695,225. What is the inference from this sudden change ? The reduction of our exports in 1837 arose from no falling off

in our industrial power. We had the same mills, the same machinery, the same skill and industry, with a greater population, and a proportionate increase in our powers of labour. Making due allowance for a fall in prices attendant upon a monetary crisis, it must be evident that the main cause of this reduction was owing to inadequate returns, or disproportionate imports. Our merchants and manufacturers had sent out goods to an enormous extent, for which they could not obtain payment. Now, this insolvency on the part of the Americans did not arise from their want of means, but from the exclusive system of our own tariff, which almost forbade the payment of their debt in any other medium than that of cotton or gold. Their varied produce was abundant, but our imports of cotton alone were inadequate to meet the demands of the British creditor, and the attempt to pay us the balance in specie proved ruinous alike to debtor and creditor.

It is not attempted to deny that a wild, reckless spirit of speculation, tempted the Americans to run heedlessly into a debt which they had not existing means to discharge. The same feverish spirit led on the British capitalist to make rash advances, and to forget his habitual caution. We contend, however, that these evils might have been promptly remedied by the well-directed industry of the Americans, and by the fair development of their extraordinary energies in the discharge of their acknowledged debt, if our own tariff had not intervened. The United States gave us their cotton; they also offered us subsequently another staple article of produce, their corn—(the offering of free labour in contradistinction to that of slaves)—presenting the means of subsistence, of which our superabundant population stand much in need; but our own absurd laws prevented the willing creditor from accepting the honest offer, and the balance became a dead loss to this country.

The balance of trade, according to M'Culloch, "is the term commonly used to express the difference between the value of the exports from, and imports into, a country.



“ The balance is said to be favourable when the value of the exports exceeds that of the imports, and unfavourable when the value of the imports exceeds that of exports.” This notion is founded on the supposition that the balance was to be paid for in specie, which, as an article of currency, and as the medium in which taxes are usually paid, has a fictitious value in the eyes of Governments. M’Culloch proceeds to remark, that “ so far from an excess of imports over exports being any criterion of an advantageous commerce, it is directly the reverse ; and the truth is, notwithstanding all that has been said and written to the contrary, that unless the value of the imports exceeded that of exports, foreign trade could not be carried on.” The balance of trade, as we take it, must mean the profit or loss of trade ; and the greater our imports, in proportion to our exports, the more profit we receive—the more favourable the balance of trade. If our Government be really desirous of obtaining for British subjects a favourable balance, greater facilities should be afforded to importation.

There is a principle of self-adjustment in commerce, which it is dangerous for any legislature to meddle with. The balance is so nice and delicate, that any forcible regulation is sure to disturb it. With equal propriety might Government interfere in every relation of buyer or seller. Merchants manage their own affairs best, and all they ask from political Powers is, full liberty to pursue their avocations in peace.

Notwithstanding the continued efforts of grasping nations to monopolize the benefits of commerce by *protection*, and draw it into an artificial channel, all attempts have proved unavailing. The inducements to trade must be mutually tempting, or will prove vain. Laws and regulations may contract the range, but can never succeed in bestowing the profits on one party only. Commerce is founded on barter, and no person can be induced to exchange that which he has, for that which is offered in exchange, unless he prefer the latter. Commercial nations stand in the mutual relation of

buyer and seller to each other, and each must see an advantage in dealing, or intercourse would cease. To speak of one-sided trade, therefore, is a contradiction and an absurdity. The thing cannot permanently exist. As previously exemplified in the case of our trade with the United States, Great Britain may foolishly send out more goods than can be paid for, (owing to our unwise tariff) but her merchants are shrewd enough not to continue a losing game, and our trade naturally sinks to its proper limits of a mutual profit. In trade, a man cannot benefit himself without to a certain extent benefiting others; and it is a singular illustration of the wisdom of Divine Government, that in civilized life, the best mode of supplying our own wants, is to minister to those of our neighbours. All classes aid, willingly or unwillingly, in supplying the wants of the people; whether in spending the wealth amassed by a previous generation, or in adding to the accumulations of productive industry. Here is manifest the true spirit of reciprocity, which constitutes a portion of our nature, and, like the physical growth of the human frame, requires only full scope to develop itself. The tender mercies of protecting legislatures are like the reclining boards, tight laces, &c., applied to the person in early life. They stunt the growth, and deform the shape of that body which they are intended to strengthen. Whenever a Sovereign or a minister takes a pet manufacture under his especial care, he is sure to stifle it in his embrace. Look at the silk manufacture! Until Huskisson took off its swaddling clothes, and exposed it to the healthy breeze of competition, it never flourished in this country.

The cotton manufacture fortunately escaped the fostering care of Government; and thanks to individual enterprise and the astounding development of machinery, it has attained a pre-eminence over all other branches. The woollen manufactures, on the contrary, have since the thirteenth century been the special object of many statutes in their behalf.

M'Culloch remarks in his Dictionary, "It may be doubted, however, whether the woollen manufacture has derived any real advantage from the numberless statutes passed in the

“view of contributing to its advancement. The benefit derived from the prohibition of the exportation of long wool was more apparent than real, inasmuch as it occasioned a diminished growth of wool, at the same time that it was impossible to prevent its clandestine exportation.” It has been proved that the manufacture made more rapid progress during the reign of Elizabeth, when wool might be freely carried out of the kingdom, than it ever did during any equal period subsequent to the restriction and exportation.

In spite of the care and attention which favourable Sovereigns have bestowed upon our woollen manufacture, the total value is not two-thirds that of cotton.

In 1833.—Total value of Cotton Manufactures	... ..	£34,000,000
”    ”    ”    Woollen	....	21,000,000

Well may the manufacturers say—“Preserve us from our friends, we will take care of our enemies.”

## CHAPTER IV.

FALLACY OF THE ARGUMENT THAT FOREIGNERS WILL TAKE OUR GOLD IN RETURN FOR THEIR EXPORTS TO US—WHAT IS IT THAT REGULATES OUR SUPPLY OF THE PRECIOUS METALS?—GOLD IS NOT WEALTH, BUT THE REPRESENTATIVE OF WEALTH—ILLUSTRATION—FOREIGN MANUFACTURES WILL NOT INJURE THIS COUNTRY—PROOF—ILLUSTRATION.

ACCORDING to an estimate made by Mr. Horsley Palmer, the quantity of gold coin in circulation in the United Kingdom on the 15th February, 1833, was £30,000,000. What proportion, then, of our imports, which may be taken at £50,000,000, can we possibly pay for in specie? If we send abroad the whole of our gold coinage, it will not suffice to pay for nine months' imports. It is clearly impossible, therefore, that we can pay for a large proportion of our imports in gold.

But why are we more afraid of gold being exported than any other foreign production? Are we never alarmed at the idea of tea, coffee, sugar, cotton, &c., leaving this country? It is contended that our supply of these articles will not fail, so long as we have the means of paying for them, and the same argument will apply to the precious metals. To offer gold for gold would be an absurdity, unless in a different state of manufacture. The owners of the South American gold mines would not exchange their produce for bullion, or for our sovereigns; but would be tempted by our manufactures. All the gold now in our

possession we have paid for by our produce, and we could purchase more, if we required it, by the same means. Gold is not wealth, but merely its representative. Robinson Crusoe found no use for his Spanish doubloons ; he placed a value solely on those articles which assisted him in providing for his wants. We call ourselves the wealthiest people on the face of the globe ; if so, we can bid higher and have a greater command over the precious metals than any other nation. We have, then, no occasion to fear that our stock of gold should be materially lessened by exportation, since we can at all times purchase back again as much as we require.

Specie is useful only as a medium of exchange. In this country it serves as a basis to a more expansive system of paper currency ; and we require only a certain proportion, sufficient to sustain any sudden revulsion of credit in the ordinary paper money. If we possess more than is requisite to serve this purpose, the hoard of the Bank of England is increased, but the country reaps no benefit from its bloated stock of bullion.

The price of gold, like that of all other commodities, is governed by the proportion betwixt supply and demand. If the supply be large, the price falls ; and no prohibition can prevent its flowing to those markets where it will fetch a greater quantity of commodities. If, on the contrary, the supply be diminished or the demand increase, and we have the means of purchasing, so surely as water rises by the action of the pump, will gold flow into our markets.

The amount of gold coin in circulation in Great Britain has, with certain oscillations, remained nearly stationary. Our succession of bad harvests caused a drain to the continent, to provide for sudden inlets of corn ; but the tide is now reversed, and flows back again to this country. If it be granted that the average of our gold currency remains nearly stationary, it is manifest that our exports have been paid for by our own produce, and not by the precious metals.

There is an admirable inconsistency—a wilful blindness—about these monopolists of gold, which leads one to suspect that their arguments against “foreigners draining us of gold” are held for a sinister purpose, and not from an honest conviction of the evils of such a tendency in foreign trade. Do the same parties ever raise their voice against sending out gold to our colonies to pay the troops? Have they started the same objection against the Canadian insurrection, the Affghan irruption, or the Chinese war? At one moment they would hoard up coin with a niggard’s hand; and anon they would squander it in the pomp and tinsel of war. If there be an evil in the so-called “drain of gold,” it will apply with infinitely more force against the direct remittances of specie to our colonies or military stations, than to the possibility of paying in gold the balance of foreign trade, which is essentially a system of barter. But, even in the former case, the precious metals find their way back again to this country; and, ultimately, we pay for our expensive wars, colonial establishments, &c., by the produce of our own industry.

There is another objection urged against the soundness of our foreign trade, which tends to unnerve the arm of the British manufacturer,—to deaden his hope of reviving prosperity, and to fill him with the most serious alarm as to the future condition of the rising manufacturing population. If there be truth in the predictions of these croaking prophets, the towns of Manchester, Birmingham, Glasgow, &c., which have risen as it were by the hand of a magician, will sink with the same rapidity. Through what convulsive struggles must a starving population pass, ere so dreadful a result can be accomplished! The gloomy prophecy is this:—“That the manufacturing greatness of England will depart from her; that other nations are rivalling her in productive skill, and will probably surpass her; that they are supplying their own population from their own looms, and will shortly cease to purchase goods from England; that the arrogant claim of this country to manufacture for the world must be

“ given up ; that we are gradually losing our markets, whilst  
 “ our productive powers increase ; and, ultimately, the only  
 “ markets we can retain will be the home and colonial.”

Grant that foreigners are manufacturing for themselves, I deny the conclusion that they will cease to take our goods. If it be true that our commerce is limited by the extent of our imports, it is evident that the greater the productive skill of other countries, the larger will be the amount and variety of their products and our consequent intercourse. A merchant or manufacturer generally looks sharply after the credit of his customers. He rejoices when they thrive, for he can trust them to a larger amount, and cultivates their business still more assiduously. A poor customer he is afraid to trust. England, then, should rather rejoice at, than view with gloomy jealousy, the manufacturing skill of her rivals. As a nation grows in wealth, her taste for luxuries increases ; the fund for the support of labour is enlarged ; and her interchange of merchandise with other countries becomes more frequent. In proportion, then, as manufactures add to the wealth of our so-called rivals, in like manner will their ability to purchase from us be increased. The foundation of the error in the estimate of the effects of foreign manufactures, is traceable to the supposition that our taste for clothing, our appetite for wearing apparel, is a certain fixed want, capable neither of much increase nor diminution. But, in fact, this appetite grows with what it feeds upon. Civilization tends to increase our artificial wants, and upon none has it had a more remarkable effect than upon that of dress. The supply of bodily nourishment varies little in the savage or civilized man—in the prince or the peasant. The materials may differ, yet the quantity will be nearly equal. Our consumption of clothing is limited only by our means of purchase, or our tastes. Notwithstanding the vast increase in our powers of production, the demand has more than kept pace with it. If people had not worn more clothing, after the introduction of the spinning jenny and the power-loom, the markets would have been stocked immediately, and very little machinery would have been made,

—merely sufficient to displace the previously existing manual labour. Machinery has had the tendency to increase the demand for its products in a ratio greater than its supply. (If this be conceded, what becomes of the notion of over-production? So long as we obtain adequate returns for our manufactures, we are never producing too much. Any stoppage, any prohibition, of our returns, whether in the shape of duties on imports, or a bad harvest, will cause the phenomenon called “over-production.”)

To relinquish theory for facts, let us see how our trade has been affected by the progress of manufactures on the continent. Saxony, Rhenish Prussia, and Belgium, are, with the exception of France, most advanced in manufacturing industry; yet, while in 1831 our exports of British and Irish produce and manufactures to Prussia, Germany, Holland, and Belgium, were under 6 millions, in 1842 they had increased to upwards of  $10\frac{1}{2}$  millions. Our exports to France also have increased from £475,884, declared value, in 1830, to £2,902,000 in 1842. The United States of late years have extended their manufactures, yet our exports, which in 1830 were £6,132,346, in 1842 were £7,098,642. In 1836, they reached upwards of 12 millions. Meanwhile our commerce with Brazil, a non-manufacturing country, has remained nearly stationary. In 1830, the exports of British and Irish produce and manufactures to Brazil were £2,452,103, and in 1842 they were only £2,556,554. During this interval they varied only in the slightest possible degree.

A further illustration is offered by the history of our silk trade with France. In 1826, the prohibition upon the importation of foreign silks was removed. Immediately the French shipped large quantities of their beautiful tasty fabrics to this country. Our home manufacturers expected nothing less than utter ruin in this disadvantageous competition with their neighbours. Their artisans were cramped by a long continuance of protection. Moreover, the French are much nearer the supply of the raw material, and have the first choice. What was the result? Our silk manufac-



turers, thrown upon their own resources, displayed the native energy of the British character. In 1823, our exports of silk manufactures were only £351,407;—in 1842, £788,894, —more than double. France has taught us the advantages of competition. The most remarkable feature of the case is, that a large proportion of our silk exports is sent to our rival, France. Thus have we received a salutary lesson on the benefits of competition, in a branch of manufacture which of all others is peculiarly hedged in with difficulties to this country. Why, then, are we alarmed, hesitating, and fearful at the progress of continental industry in the cotton or woollen fabrics? Herein we display a pusillanimity, a selfishness unworthy of the British name. “Hath our arm lost its strength, or our right hand its cunning?” ’Tis true we can no longer buoy up a false prosperity at the expense of the rest of the world ; but we are able to carry on an honourable competition, in the arts of peace, by ministering to each other’s wants. England may now base her prosperity upon that of her neighbours, and maintain her front position, by persevering in that course of national industry and integrity, which has mainly contributed to place her first amongst the nations of the earth.

## CHAPTER V.

CUSTOMS VIEWED AS A SOURCE OF REVENUE—COMPARISON OF DIRECT AND INDIRECT TAXATION—UPON THE EFFECT WHICH IMPORT DUTIES HAVE UPON COMMERCE.

FISCAL regulations are generally considered as peculiarly the province of the statesman; and the advocates of free trade have very carefully steered clear of the subject. They have wisely directed their exertions to pull down the so-called system of protection; and have not interfered with duties imposed for the sake of revenue. Without quarrelling with the amount of taxation, or attempting to lessen the revenue, it shall be my endeavour, in the present chapter, to show that the burden is not so placed as to be borne most advantageously. Common experience testifies how much greater weight an individual may carry when the load is skilfully poised, so as to leave the limbs unfettered, and give the muscular powers full play.

It is a question worthy of more ample discussion than it has yet met with, whether or no the whole principle of customs, as a tax levied for the sake of revenue, is not unsound. One great motive which has driven taxation into this channel, is the aversion which people generally entertain to the sight of a tax-gatherer. Consequently the Government, disguising the nauseous draught as an apothecary sweetens his bitter drugs, conceals, as much as possible, the operation of taxes from its

subjects, and exposes their deformity only to the shipper. Hence indirect taxation is preferred, both by Government and the people.

Regardless of prejudices for or against any particular mode of taxation, and destitute of sympathy with that nervous feeling by which a man wilfully blinds himself to the items of his expenditure—that feeling which too often prevents the future bankrupt from properly investigating his affairs—let us start with the maxim, that the system of taxation which, in proportion to the revenue collected, imposes the least possible burden upon the people, is to be preferred.

One advantage of direct taxation is, that each individual knows exactly what proportion he has to bear. Without such a knowledge, taxation is generally slipped off the shoulders of the wealthy and powerful, to be saddled (without any regard to proportionate means), upon the backs of the poorest and most numerous class. Another advantage rests in the efficient check to extravagant expenditure on the part of Government, which arises out of the jealous suspicion with which every taxpayer observes how his own contribution is wasted. Again, the expense of collecting direct taxes is much less per cent. than customs, enhanced by the cumbrous machinery of our preventive service. The mere expense of collecting customs is trifling, but is quadrupled by the means employed to prevent frauds. Look at our revenue cutters! our coast-guard encircling the whole island! and yet, in despite of all and every caution of the most efficient preventive service in the world, frauds upon the revenue, to the manifest injury of the fair trader, are daily, hourly occurring.

If it be conceded that direct taxation presses more equitably upon the people, affords a more efficient check against extravagant expenditure, and costs less in collection than customs, or indirect taxation, it is manifest that according to the maxim with which we started, the former is preferable.

But only half our case is stated. Independent of the extra cost of the collection of customs, occasioned by our preventive service, there is a still further loss to the community. Taxes levied upon imports increase the price of the commodities

imported. In at least an equal proportion to the advance in price, do they lessen the consumption. But if consumption diminish, our imports diminish; and in like degree our exports to pay for those imports. The reduction in our exports must be followed by an attendant falling off in the demand for labour, which, by a further reaction, tends still more to diminish consumption.

To illustrate our argument, we will take as an example the duty upon coffee. "Of or from foreign countries" it is now 8d. per lb., and from British possessions 4d. The importer of foreign coffee must, of necessity, add 8d. to the original cost of the article, which the consumer will have to pay: a charge for profit upon the 8d. per lb., not less than upon the original cost, must also be added. This will make a further addition of about 1d. per lb. to the consumer. But 9d. per lb. added to the original cost necessarily diminishes consumption. Remove the duty, and the consumption would increase. Suppose the present price to the consumer to be 2s. per lb., and the duty one-third, or 8d. per lb., the first effect of the removal of duty would be to reduce the price in like proportion. Granting the means of the consumer to be the same in both cases, he could afford to purchase one-third more of coffee than before. Other persons, who could not hitherto purchase the article, may now become consumers. The consumption, according to past experience, would increase more than the proportionate fall in price: witness the following table:—

	Quantity entered for	Duties on British	Revenue.
	Home Consumption.	Plantation.	
	lbs.	s. d.	£.
1807 .....	1,170,164 .....	1 8 .....	161,245
1809 .....	9,251,847 .....	0 7 .....	245,856
1819 . ....	7,429,352 .....	1 0 .....	292,154
1825 .....	10,766,112 .....	0 6 .....	307,204
1841 .....	28,370,857 .....	0 6 .....	887,747

The reduction of duty in 1809 to 7d., or about one-third of what was levied in 1807, occasioned an increase in consumption of eight-fold the previous amount; whereas in the simple proportion of the fall in duty, it should have been only threefold.

Now, in 1842, the quantity of coffee cleared for home consumption was 28,583,931 lbs. Supposing the consumption to increase in simple proportion to the fall in price, the additional quantity consumed would be 9,000,000 lbs., or about 80,000 cwt., which, at an average of 50s. per cwt. for foreign, free of duty, would amount to an increase of £200,000 in our imports, and a consequent demand for exports to the same extent. But of this £200,000 additional exports, the greater portion would be spent in labour, which would improve the condition of the labourer, and enable him to consume still more of coffee or other commodities, creating thereby a still further demand for imports, to meet this increased consumption. This two-fold action might probably raise our increased imports to £250,000.

Now, a considerable portion of the industry of the nation has, until lately, been forcibly kept idle, in consequence of a want of demand for labour. So far, then, as these increased exports to meet the increased imports would involve the employment of labour previously unproductive and dependent upon our poor laws for support, the nation would gain doubly—first, by a relief in the poor rates, and secondly, by the produce of industry which previously had no employment. State the matter thus:—

Increased exports to meet probable increased imports attendant upon a removal of the import duty on Coffee .....	£	
Less cost of raw materials .....	250,000	
	50,000	
	<hr/>	
Wages and Profit .....		200,000
Probable saving in relief to the poor .....		10,000
1d. per lb. on the previous consumption of 28,583,931 lbs. now charged as profit on the duty.....		100,000
		<hr/>
		£310,000

Now, the net revenue derived from coffee in 1841, was £887,747; so that, to raise this sum, the country sustains a loss of £310,000, besides principal and cost of collection.

In the relation betwixt low prices and consumption there is a principle—an axiom—not generally understood. Consumption increases in *geometrical ratio* with the fall in price, the

means of the consumer remaining the same. But when reduction in price springs from abundance, it often indicates increased means in the consumer, and tends still further to enhance consumption. The fall of price in cotton goods since the introduction of machinery, will scarcely reach 15 to 1. In Baines's History of the Cotton Manufacture, it is stated that in the year 1786, yarn 100 sold for 38s.; in 1832, the same counts sold for 2s. 11d., being a reduction of about 13 to 1. In 1814, a piece of calico sold for 24s. 7d.; whilst in 1833, the same quality sold for 6s. 2d. being a reduction of 4 to 1. Probably, then, the extreme of the reduction in price will be as 15 to 1; but meanwhile, we find that production has increased beyond all comparison with the fall in price. In the above-named work it is stated:—

“Machines have been invented which enable one man to produce as much yarn as 250 or 300 men could have produced in 1760,—which enable one man and one boy to print as many goods as a hundred men and a hundred boys could have printed formerly; and the effect has been, that now the manufacture supports fifteen hundred thousand persons, or thirty-seven times as many as at the former period.”

Now, if we estimate the increase in the powers of production of one man, aided by machinery, as compared with hand-labour, at an average of 200 to 1, and multiply by the increase in the number of persons employed, 37 to 1, we arrive at the amazing result of 7,400 to 1. In other words, there is 7,400 times the quantity of yarn or cloth manufactured from cotton which was manufactured in 1760, whilst the price is only 15 times as cheap. Meanwhile the quantity of cotton wool imported has increased from 3,870,392 lbs. in 1764, to 303,656,837, in 1833, or only about 80 to 1. The discrepancy may partly be accounted for by the increased fineness and lightness of the yarns and cloth now manufactured, as compared with those of 1760. The increase of population in England and Wales, as stated in Porter's Progress of the Nation, “From 1770 to 1800, is computed to have amounted to 1,959,590, or  $27\frac{1}{10}$  per cent.; while the increase in the same space of time between 1801 to 1831, as found by enumeration, reached to 5,024,000 souls, or  $56\frac{2}{3}$  per cent.”

If, then, we state the increase in population from 1760, in round numbers, as having doubled itself, or increased as 2 to 1, this will not suffice to account for the wonderful increase in the consumption of cotton goods. Multiplying the fall in price of 15 to 1, by the increase in population of 2 to 1, gives 30 to 1 as the extent to which consumption could have increased in simple arithmetical proportion, whilst the actual consumption of raw cotton has increased as 80 to 1, and production as 7,400 to 1.

We might multiply examples as to the increased consumption of various luxuries, some of which are become necessities of civilised life, brought about by a fall in the price of the article, and an improvement in the means of the consumer. Suffice it to mention such articles as tea, coffee, tobacco, candles, &c. The art of printing has multiplied books to a still greater degree than it has reduced their price.

The last instance on record is that of railway travelling. If we give credit to the returns of railway traffic, passengers, &c., half our population and the moveables travel by steam. Yet the reduction in fares, as compared with the old coach travelling, is by no means commensurate with the increase in passengers. As a further confirmation of our position, the third class passengers make better returns than the second, and the second than the first.

To revert to our argument—it is clear that the abolition or reduction of customs and duties must be accompanied by a diminution of price,—hence increased consumption attended with increased imports,—but any excess of imports will require a corresponding excess of exports to pay for the same,—hence increased demand for labour, and improvement in the condition of the labourer, to be followed by a further consumption. Upon our customs the country sustains, besides the amount of revenue collected,—firstly, a most expensive mode of collection, including our preventive service,—secondly, a loss of imports,—thirdly, a loss of exports, and the labour heaped upon them. If the examples we have adduced confirm our proposition, that consumption increases

in geometrical ratio with a fall in price, it follows, that for every shilling Government imposes as a tax on imports, the country loses 2s; for every 2s. it loses 4s.; for every 4s., 16s.; and so on in like proportion. Herein are not included charges for levying the tax.

Unpopular as the Income or Property Tax may be with the middle classes, yet, if measures of Free Trade are to be carried out to the fullest extent, it will be difficult to find any other mode of taxation to supply the deficiency which will arise from any extensive reduction in import duties. True, it is, that the abolition of all protecting duties, and the adjustment of the tariff to that nice point, of *the greatest possible consumption with the greatest possible revenue*, might have superseded the necessity of an income tax. If it had come under a different aspect,—not as an addition to our already excessive burden of taxation, but as a substitute for duties upon the *necessaries* of life, upon articles of the greatest consumption,—it might have been welcomed as a boon. The produce of the property tax is not one-third of the customs; and if it had to be increased, so as to compensate for the absolute abolition of the latter, the outcry against it would be so universal and influential, as to prevent any minister, however bold, from making such a proposition. But, without any addition to the rate chargeable upon the present tax-payers, the produce might be amazingly increased by including other classes who now escape its operation. By the old mode of indirect taxation, the operatives, who are the bulk of the consumers, pay two-thirds of the taxation of the country, and in a proportion the very reverse of their means. From the income tax this class, and those considerably above it, whose incomes do not reach £150 per annum, are entirely exempted. Now, if the plea of Sir Robert, that an equivalent was received, were rendered valid, and a bargain were struck with the consumers to this effect:—“At present the consumers in Great Britain pay in taxation, called customs, an average of so much per head per annum, in proportion to their consumption of these articles, not to their ability to pay for



them. It is proposed to substitute a tax called an income or property tax, averaging 20s. or 30s. per head less than the customs tax, to be levied according to the property and income of each individual. Hereby each consumer will gain so much per annum." If it could be clearly shown that every one received a *quid pro quo* of his share of the income tax, and the tax were made to bear proportionately upon real property, as compared with incomes,—the objections against this tax would in a great measure vanish, and the taxpayers would gladly compound on terms so much to their advantage. Of course none but paupers would be excluded from the operation of the tax, because all would compound favourably; the operatives, however, who, as the greatest consumers, had previously contributed the most per head to indirect taxation, would, under the property and income tax, contribute the least.

The net produce of a property and income tax, levied universally, it would be difficult to estimate. If not sufficient at the present rate to furnish an equivalent to the produce of the customs, it would suffice at least to abolish all taxes upon the necessaries of life, and any remaining deficiency might be supplied by a moderate tax upon a few luxuries of the greatest consumption, such as tobacco, wine, &c. But the total abolition of all customs duties would be cheaply purchased by the substitution of a property and income tax, furnishing the same revenue to Government: retaining merely a register duty to pay the expenses of Government regulations of exports and imports.

These notions are in advance of public opinion, and several steps in Free Trade must be gained before they can be entertained. We must first have the total abolition of all protective duties whatever. All pretences for protection (whether for anti-slavery colonies, home agriculturists, or home manufacturers) must be taken away! When protective duties shall be entirely abolished, import duties will be considered as merely a revenue question, and the conclusion must be arrived at, that a moderate duty is the most productive,—combining the

advantages of the greatest possible consumption with the greatest possible revenue. One step further, and we shall arrive at our previous conclusion,—that all import duties operate as a bar to consumption,—that they create to the community a much greater loss than the amount of revenue collected, and are a very unwise means of taxation.

## CHAPTER VI.

APPLICATION OF THE RECIPROCITY SYSTEM TO THE HOME TRADE—DIFFERENT CLASSES OF PRODUCERS—PROTECTION—SHOULD BE EQUAL—IF EQUAL, IS NOT PROTECTION—OVER-PRODUCTION AND UNDER-PRODUCTION—MALTHUSIAN OBJECTION TO FREE TRADE.

It is surprising that the advocates of commercial treaties should have confined their attention to the regulation of foreign interchange, and never looked nearer home. If reciprocity be a desirable system as applied to the foreign trade, why not extend it to our domestic transactions? What is good in the one case cannot surely be an evil in the other!

The two great interests of the home trade, between which it is desirable that a treaty of commerce should be drawn up, are the manufacturing and the agricultural. Suppose it arranged between these high contracting powers that the same *ad valorem* duties which are placed on foreign produce for the protection of the one, shall be imposed on foreign manufactures for the protection of the other. At the first glance this would seem a most equitable arrangement; but the question is,—would it secure those mutual and equal advantages which were contemplated by such a treaty? If the manufacturer, depending upon his monopoly of the home market, refused to exert his faculties and restrained his production in order to enhance the price of his goods;—if, by using the word over-production as a bugbear, he sought to render goods

scarce, and to keep up a high remunerating price;—if, by the aid of his protection, he raised the price 30 or 40 per cent. above that at which the farmer could purchase the same goods from the foreign manufacturer;—if such were the position of one party, whilst meanwhile the farmer had most wonderfully increased the production of the soil by all the means in his power, partly by his excessive industry, partly by judicious investment of capital, and more especially by the aid of science,—if through these agencies agricultural produce had multiplied beyond the demand of the home consumer, and found a vent in foreign markets;—if such were the condition respectively of the two interests, on which side would the balance of advantage preponderate? The objection would be raised against the manufacturer, that the protection rested entirely with him. Nevertheless he might forcibly argue, that the tariff protected both alike,—that protection was absolutely necessary to the institutions of the country,—that without it the wages of labour could not be maintained,—that the important *vested interests* of factories, the outlay of capital made on the faith of legislative enactments, required the tender consideration of Government,—that the distress of the farmers arose solely from speculation and over-production, which compelled them to sacrifice their produce in foreign markets,—moreover, that it was of the most vital importance to the health and decency of her Majesty's liege subjects, that they should be totally independent of foreigners for a supply of clothing; otherwise this country might be reduced to the lowest depth of degradation during a time of war, from the want of coats, vests, pantaloons, &c., and the various paraphernalia of ladies' apparel. What could the farmer reply? “That the measure of protection was the price he had to pay for his goods to the home manufacturer, above that at which the foreign manufacturer offered to supply him the same goods; whereas he must supply the manufacturer with corn cheaper than the foreigner, otherwise he, the farmer, could not afford to export and meet the foreign grower in his own markets, — consequently that protection

was one-sided, and operated to the benefit of the non-exporting manufacturer, but to the injury of the consumer of clothing;—that to blame over-production as a cause of distress, was to arraign the bounty of Providence, who had blessed the farmer's labours, and granted good harvests."

The preceding arguments would exactly apply to the state of things on the continent of Europe and the United States, where the manufacturing interest is fostered at the expense of the agricultural. The argument is not weakened when reversed and applied to the state of things in Great Britain.

How strangely sounds the charge of over-production when brought against the British manufacturer, and assigned as a chief cause of the late distress! "There has been too abundant a harvest of goods: machinery has been too productive." As well might the Portuguese accuse his sunny sky and fruitful vines of yielding him too exuberant a vintage;—the Russian charge with over-growth his indigenous forests;—or the inhabitant of the western valleys of the United States blame the exhaustless fertility of his alluvial soil.

But from whom comes this charge of over-production against the manufacturers of England? Why, from the very parties who chiefly profit by it,—from the consumers of clothing,—from the landowner. But against them is retorted the graver charge of *under*-production of food. During the period of severe, unprecedented distress, through which we have passed, hundreds have perished for lack of food, whilst the owners and cultivators of the soil have failed in producing an adequate supply, and yet, like the dog in the manger, have interdicted their countrymen from supplying themselves from abroad; or, in plainer language, they neither grew it themselves, nor would they let others grow it. If the productive power of agriculture had progressed with the same speed as that of manufactures, —if the same improvements had taken place,—it is manifest that the population in general would have derived a mutual advantage from this multiplied provision against their wants. Unfortunately the supply of food has not increased in proportion to the increase of the population, whilst manufactures have far

exceeded that proportion; hence a progressively larger and larger quantity of clothing has had to be exchanged for a progressively diminished quantity of food. With much justice do our hard-worked operatives exclaim, that machinery has done little for them. They do not look beneath the surface, but attribute the evils of their condition to that machinery which, under more favourable circumstances, would relieve their toil. The true cause of complaint would be more readily ascertained, if wages were paid in kind, and every workman received his share of the produce of his labour. That share has been doubled by machinery, and the workman would now receive from his employer at least twice as much of cloth or other manufactures, as would formerly have fallen to his lot. But were he now to take this double quantity to the shop-keeper, he would find to his amazement that he could receive no more food, nor perhaps so much, as he formerly obtained for half the quantity of goods. That labourer must be wilfully blind who did not hence perceive why machinery had been of no service to him. It had not gone far enough. It should have been equally applied to increase the productions of the soil as of the loom, and in that case the double quantity of cloth would have purchased a double quantity of food. The labourer would then receive twice as much of the necessaries of life as before the application of machinery.\*

The tirades of hired democrats against the extension of foreign trade, which carry popular feeling along with them, have much point and aptitude. Thanks to our absurd system of protection, commerce has hitherto contributed more to the

\* In common parlance we often talk of our ability to supply the whole world with clothing, as if there were no limits to our productive powers. But, in fact, the raw materials of manufactures, whether wool, cotton, silk, or hemp, whether vegetable or animal, are directly or indirectly the produce of the soil, and have no tendency to increase in greater proportion than articles of food. The increase in manufactures has arisen solely from the application of machinery and the economy of labour. If the same means were applied to agriculture, undoubtedly the fertility of the soil and the extent of land under cultivation, might be wonderfully increased. When we presume to clothe the world, it is to be hoped that others will use equal exertions to feed the world.

luxuries of the rich than the necessities of the poor. Starvation and luxury stalk side by side throughout our land.

Do the bold yeomen of England call out for *protection*? It is a child's cry,—a woman's plea! They who consider themselves the pride and strength of the country, to sue for protection from the pale mechanic, the over-worked factory child! Shame on such drivelling! Let them throw away their crutches and exert themselves like men!

But suppose Government continues to them that protection; the same advantages should be conceded to all other classes. Protection should be equal and universal, or not at all. If one class only be protected, all others may expect from a just Government the same benefits, and if all are *equally protected*, this is tantamount to no protection. Take the case of the farmer. By the aid of the corn laws he may obtain prices for wheat higher by 20 or 40 per cent. than are realised on the continent. Supposing the legislature could secure to the manufacturer equally high prices,—*i. e.*, high in proportion to what the same articles could be purchased for abroad,—what advantage would either party gain from high prices? They would receive more for their produce, but would have to give more for every purchase they made. Consequently at the year's end they would find themselves not wealthier for high prices, and would have to bear all the expense of the government machinery of protection.

Now, manufacturers cannot dispose of their goods in the home market. They are obliged to sell to the foreigner and deliver at his own door full as cheap as the foreign manufacturer can offer them. It is clearly impossible, therefore, that they can realise 30 or 40 per cent. above the continental prices, like the farmer; and from so-called protection they can derive no benefit. Hence protection, being partial, is unjust. One remedy presents itself. Let the agricultural interest engage to take *all* the goods from the manufacturers at 30 or 40 per cent. above the foreign price,—the latter may then engage to take all the farming produce at the same premium.

It remains only to notice the Malthusian objection against

Free Trade, which tinctures more or less the tone of its modern opponents. "Of what use is it," say they, "to extend trade? You may increase the population, but you make the people neither wiser nor happier. Manufacturing towns are plague-spots—a pest to the kingdom, and a cause of general demoralization. Even if you succeed in raising wages, rendering employment more abundant, or adding to the means of subsistence, your mushroom population will assuredly multiply beyond your measures of support. Improvident marriages have ever characterised your factory people."

There is some truth in these remarks, mixed with mischievous error. For argument's sake, grant that it is unwise to increase the population,—it is at least benevolent to better the condition of those actually in existence; but all exertions would be in vain unless trade were opened, and a greater demand for labour created. Should every advance in wages, every addition to employment, and abundance of provisions, fail to improve the state of the people, and every attempt be counteracted by the still greater increase of population,—provident marriages must be inculcated by a careful system of general education. Some would attempt to throw the whole responsibility of this education upon employers. But surely the burden of finding food both for body and mind cannot fairly be thrown upon the same individuals. The latter is more peculiarly the province of the clergy, of the ministers of the various denominations of Christians,—or, of the Government; for what object is there so important to the well-being of the community at large?

There are comparatively few improvident marriages contracted amongst the middle classes. Young men of good education and correct principle see the folly of undertaking the responsibility of a wife and family until they have the means of maintaining both in some degree of comfort. True affection shrinks from the idea of placing a beloved object in a state of impending wretchedness, and rendering her life one continued scene of domestic drudgery or slavery.

It is by no means impossible to extend these notions to the



uneducated portion of society. A system of general education, combining with elementary instruction the inculcation of religious feeling and moral restraint, would do much towards effecting so desirable an object. Other societies are required for young men, when they leave the school-room, to form correct habits, give a healthy tone to the mind, and instil maxims of economy and prudence in after life.

But this discussion must be left to the more responsible agents of education.

## CHAPTER VII.

SUMMARY OF PRECEDING ARGUMENTS—THE COMMERCIAL POLICY OF GREAT BRITAIN SHOULD BE TOTALLY INDEPENDENT OF THE CAPRICES OF OTHER NATIONS—FOUNDED ON A BASIS OF IMPARTIAL, UNPROTECTIVE, UNFETTERED SYSTEM OF FREE TRADE—CONCLUDING ADDRESS TO MANUFACTURERS.

IN the preceding chapters I have endeavoured to show—

- I. The utter hopelessness of obtaining reciprocal tariffs from other countries, and the dangerous delay of waiting for them.
- II. The folly of placing our sole dependence upon the colonies.
- III. That the aim of our commercial policy, viz., to force exports and exclude imports, is founded in error.
- IV. The unwise prejudice against foreigners draining us of gold, and the false alarm of foreign rivals driving our manufactures out of our markets.
- V. The unfavourable effect of customs upon commerce.
- VI. The application of the reciprocity system to the home trade.

Having thus glanced at the current objections against Free Trade, which have been so often refuted by abler pens than mine, I would fain ask those men of business who differ from me in opinion upon the preceding topics, and who still maintain that we ought not to relax our restrictions without corresponding concessions from contracting powers, “How long shall we wait?” If a period could be named with cer-

tainty when their hopes might be realized, there would be some ground for patience. But, independently of the very questionable advantages of these treaties, the most sanguine begin to despair of seeing them carried into execution. We are indebted for the important advantages of the Chinese tariff, not to any diplomatic efforts in the old track of negotiating treaties, but simply to the force of our arms and the energetic determination of Sir Hugh Pottinger. Such an attempt to modify the tariffs of our belligerent neighbours might be attended with unpleasant consequences.

Public opinion is gradually paving the way for great changes in our commercial code. The unsatisfactory conclusion of our negotiations with Brazils, and our twice-raised and twice disappointed hopes respecting Portugal, have ripened the growing opposition to such vain diplomacy.\* These treaties have been held out as baubles to amuse the people, and to stave off those measures of free trade which otherwise would, ere now, have been forced upon our Government. What have the most strenuous exertions of successive administrations done for us when directed to improving our foreign relations? So far as the shipping interest is concerned, mutual advantages have been secured, but beyond this their very efforts have apparently had the contrary result of inducing foreign powers to combine against British manufactures. Let the Government, then, cease its baffled attempts! Let Britain take a dignified, independent position! Let her freely admit the products of every quarter of the globe, perfectly regardless of hostile tariffs! To the enterprise of her own merchants and the self-interest of foreigners, she may safely confide the task of forcing her exports. This course will best contribute to the national wealth, and provide that which is a desideratum with all governments,—the sources of an ample revenue.

Manufacturers have been accused of selfishly retaining their own protection, whilst they leagued together for the

\* Since these sheets were committed to the press, positive information has been received, that the negotiations with both these Powers are definitively broken off.

purpose of destroying that of the landowners;—they have been accused of introducing machinery, to the displacement of hand labour, and the great injury of the operative;—they have been charged with wanton cruelty in reducing wages to the point of starvation;—and furthermore, some of them bear the imputation of a desire to reduce wages still lower by agitating for a repeal of the corn laws.

First, as to the protection given to manufacturers, they utterly repudiate it! Any protection upon goods which are exported, and which, with the disadvantage of a heavy duty, undersell the foreign manufacturer in his own market, is inoperative. Reduction of wages is beyond the control of the employer; when trade is brisk, it is an impossibility; and when depressed, it is a choice whether he shall keep up wages and be driven out of the market by competitors, or pay the current rate, so as to enable him to sell at a market price, and continue employment to his work-people. That machinery has not the effect of displacing hand labour, but the contrary result of increasing the demand for labour and improving the condition of the operative, has been already proved: in those districts where machinery is most extensively used, *there* the population has most rapidly increased, and the average wages are the highest. As to a reduction of wages by the repeal of the corn laws, it is a self-contradiction. The object aimed at is a steady importation of foreign corn, which must of necessity be followed by a steady demand for our manufactures, in payment; a greater demand for labour will be the consequence, and if so, higher wages. The condition of the operative will be doubly benefited by a low, steady price of flour, and by a steady employment coupled with high wages; whilst the farmer will derive an indirect advantage in the improved means of his customer. Home produce will find a ready market, and increased consumption will take off both home and foreign produce.

In conclusion, I would respectfully beg leave to address a word to my brother manufacturers upon our present position and prospects. We have just passed through a long, gloomy

period of commercial distress. Like a hurricane at sea, it hath left many sad wrecks; some vessels have foundered, and will be no more heard of; others have sunk in shoal water, and may possibly be raised again; even those who sailed in deep water under experienced captains, and foreseeing the coming storm, took in their spare canvass, have been forced to lay to, sustaining many casualties, whilst they have made no way. The gale has at length blown over, and once more we have fine weather and a fair wind. There are already symptoms of putting out too much canvass. Let not our past experience be thrown away. Before any trade can be safely carried on to the extent which the necessities of this country require, our *imports* must be as unshackled, as unlimited, as our *exports*. The merchant may then venture boldly through the meshes of foreign tariffs, satisfied that his own Government will not rob him of his returns on the threshold of his own door. The very parties who accuse us of over-trading, tell us in the same breath that our foreign trade is taken from us by the foreign manufacturers! We shall have no fear of exporting too much, if we import to the same extent: no fear of selling too much, if we take care to get paid for what we sell. It is our own tariff which has brought on the hurricane, and it is our own tariff alone which is under our control. Let us give up the idea of moderating foreign tariffs,—a task beyond our control,—and directing our energies to that which is practicable, let us use every legitimate influence for the total abolition of protecting duties, and the reduction of all import duties to the lowest possible point. Let us earnestly endeavour to give a steady, permanent character to our commerce, by rendering it *free* in the fullest sense of the word,—*free* from the political changes of our own party administrations,—*free* from the vacillations produced by futile attempts at commercial negotiations,—*free* from parental bias to those spoiled children, our colonies,—*free to the whole world*.





RETURN TO the circulation desk of any  
University of California Library  
or to the

NORTHERN REGIONAL LIBRARY FACILITY  
Bldg. 400, Richmond Field Station  
University of California  
Richmond, CA 94804-4698

---

ALL BOOKS MAY BE RECALLED AFTER 7 DAYS

- 2-month loans may be renewed by calling (510) 642-6753
- 1-year loans may be recharged by bringing books to NRLF
- Renewals and recharges may be made 4 days prior to due date.

---

DUE AS STAMPED BELOW

---

**SEP 06 2000**

---

**JAN 22 2001**

---

**JUN 12 2001**

ILL: 6581311

---

**JUN 08 2008**

---

---

---

---



115

HF 171

F3

VII

**THE UNIVERSITY OF CALIFORNIA LIBRARY**

