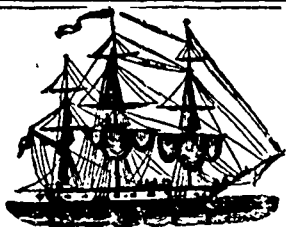


# CANADIAN ECONOMIST.



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MONTREAL, SATURDAY, 5TH SEPTEMBER, 1846.

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## THE CANADIAN ECONOMIST.

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### THE AMERICAN TARIFF.

The enactment of a new Tariff Law, effecting a modification in certain duties, has occasioned a regular fever throughout the United States, and brought forth in Congress all the strength and talent of the parties who join issue on the great questions of Free Trade and Protection. Notwithstanding that native manufactures and home products are still protected by duties ranging from 100 to 5 per cent, and that in all the essential features of the Tariff the pernicious system of Protection is still strictly adhered to, the utmost alarm is being expressed by the manufacturers throughout the country, and it is seriously sought to have it believed that the natural consequence of the change must be to prostrate the trade, not only of the manufacturer, but also of the farmer, and with these to bring down the revenue of the country.

The speeches which have been made on this subject in Congress, and since then repeated through the press, are valuable as exhibiting the almost natural tendency a false system of protection has to warp men's judgments, and to produce in minds which profess to be swayed only by patriotic considerations, most erroneous views of the true interests of their country. Thus it is that in the American legislature we find all the cast-off fallacies of Protection re-assumed and paraded forth with an earnestness that would be absolutely ludicrous were it not for the momentous character of the question involved, and did we not know, moreover, that the tendency of legislation in that country has been such as to give to those arguments an almost irresistible weight with a large portion of the community.

As it is, we confess we find ourselves somewhat puzzled to understand the actual arguments made use of by those who opposed the introduction of Mr. McKay's Bill, as well as the grounds for their alarm so generally expressed by the manufacturers and their friends at the prospects of the new Tariff. As a Free-Trade measure, that Tariff is scarcely worthy of consideration, since it still leaves the trade of the country hampered with a scale of duties that in most cases amount to a prohibition. Regarded in that light, it is, as one of the speakers observed, a burlesque upon Free Trade. Yet the manufacturers profess to fear its operation, and a portion of the population throughout the country is disposed to believe the manufacturers when they state that with a protection of 30 per cent they cannot compete with the foreigner in the home market.

The arguments put forward on the side of the Protectionists are, we repeat, not at all intelligible to us. It is pretended by the advocates of a high tariff that the experience of that tariff goes to show that a state of protection does not tend to keep up prices, but that Free Trade does! In order to prove this, the prices of certain articles are referred to, which were higher before the tariff of 1842 than they are now; and this fact is considered conclusive as showing the cheapening tendency of protection! In the same way, it is asserted that high duties tend to revenue, at the same time that they benefit the consumer. The way in which the first of these assertions is proved is as follows: "The foreign manufacturer, says the advocate of high duties, does

not concern himself about how cheap he can afford to sell you his wares. He avails himself of every circumstance which affects advantageously for him the market price, and sells for the best price he can get. He will not be apt to neglect to avail himself of the advantages which remoteness from the market of supply gives him. When the market of supply is remote from the place of consumption, the trade in the commodity becomes a quasi monopoly, competition is usually less, combinations to raise prices are more readily effected, and consequently profits are larger. The establishment of domestic manufactories, on the contrary, brings our markets of supply nearer our markets of consumption, which diminishes these difficulties, and uniformly tends to lessen the market price of commodities. It produces competition between domestic producers and foreign producers, and between domestic traders and foreign traders, all of which are usually beneficial to the consumer. The diminution of price produced by competition between foreign producers alone usually swells the profits of the merchant more than it reduces the price of the commodity to the consumer. But if you so arrange your tariff laws as to enable the domestic producer of such commodities as are suitable to the country to compete fairly with the foreign producer of like commodities, the consumer will generally get the chief advantage from the reduction of price produced by competition in both countries." We think we need hardly remark on the entire fallaciousness of this reasoning. If it is worth anything at all, it is most assuredly an argument for unrestricted commerce, and not against it. It is perfectly absurd to suppose that in the present state of trade the foreign merchant can combine to raise prices, even if he wished to do it; and how competition between the two can be encouraged whilst one has an advantage of 30 or 40 per cent. secured by the State over the other it exceeds our sagacity to discover. Nor will it do to assert, as has been asserted by American statesmen, that this protection is a mere nominal protection. We know very well that the American manufacturer avails himself of every farthing of that protection, which he charges eventually on the consumer. If it is not so—if the public pay no more for what they consume, with protection than without it—where is the use of protection at all, and why the present alarm at a modification of the tariff? If 20 per cent. will suffice to raise a revenue sufficient to meet the expenditure, why take 25 and 30? To encourage our manufactures, replies some Whig politician. But do your manufactures require this encouragement, and is it politic they should receive it at the expense of the rest of the community. But the rest of the community benefit by it: We want manufactures to enable us to dispose of our surplus produce. That is, that in order to receive a little more for his wheat the farmer and every other interest are required to pay twice more for every thing they consume than they can obtain those things for elsewhere; and this is called encouraging other interests!

We confess that it is with regret we view the course pursued by the United States in this matter, for if there is a country on the face of the earth which should show an example to others, she is that country. It is an anomaly that her true friends must lament that whilst she professes political freedom she favors commercial thralldom, and maintains illiberal and exclusive tariffs after other nations have abandoned theirs. To the mechanics and artisans of all other countries she offers a home, and receives the products of their skill with the pride of a mother; but let them send those same products from other lands, where they can be made with more economy, and by a strange perverseness she refuses to receive them. In this she forms a striking contrast to Great Britain, which, whilst she keeps her political privileges for her own subjects, throws open her market to the competition of the world.

That the United States must suffer by persisting in her present policy, we think no one can doubt. It is one of those causes which has already threatened to break up her confederation, and will eventually do so if a more liberal practice be not observed. It is not the price paid to the manufacturer which she has to fear, so much as the departure from that simple scheme of government she has undertaken to carry out. If she undertakes to build up manufactures by the means of protection, she must, to be consistent, be prepared to support them by those means, and thus, we say, she cannot long do. If the iron-founders of Phila-