

EFFECTS OF PROTECTIVE DUTIES.

The following letter from William Brown, Esq., the eminent merchant of Liverpool, to the Hon. Abbot Lawrence, Esq. of Boston, has been published in the New York papers, and we now extract it from the *Evening Post* of that city. Mr. Lawrence is a great protectionist, and Mr. Brown's arguments are directed to show him the general unsoundness of the protective system:—

"RICHMOND HILL, LIVERPOOL,
"15th May, 1846.

ABBOT LAWRENCE, Esq.

My Dear Sir,—I am very much obliged to you for sending me copies of three letters you wrote to the Hon. W. C. Rives, of Virginia, bearing date the 7th and 16th January, and 23rd February, and for the very flattering manner in which you are pleased to speak of my judgment, in noticing an extract from a letter of mine to Mr. Rolfe, of the 16th of October last.

In justice to myself, and I hope without producing on your part any change of opinion as to my judgment, I must totally dissent from the inference you have drawn from this insulated paragraph, that it is in support of your protective duties. My arguments merely went to shew that the landlords of this country had no just right by high duties to exclude your wheat, flour, maize, &c.; for that the natural advantages that they, through our manufactures, possessed, enabled them to transmute a large quantity of grain into hardware, broadcloths, &c. &c. for exportation, and that their monopoly kept us in a state of commercial warfare with you and other corn-growing nations, who have the means to some extent of supplying our wants on as good or better terms than they can do. No class interest in any country, whether farmers, landlords, or manufacturers, ought to be sustained by protective or prohibitory duties for their benefit, or to enable them to carry on a business which is a misapplication of skill and capital, and not only injurious to those who are more immediately laid under contribution, but to the country at large.

The United States have advantages which we do not possess for sustaining your natural and active industry, in the manufacture of wheat, maize, rice, cotton, tobacco, pork, &c. &c.; and it is not important to you whether they are exported as wheat, maize, rice, &c., or transmitted into cotton, pork, or tobacco. Whichever pays you best is your interest. The words 'native industry' have been very much abused as applied to the making of manufactured goods only. It is still more native as you are situated, if applied to the cultivation of the soil.

There is no doubt that we can manufacture many articles cheaper than you can, and it is equally incontrovertible that you can supply us with much that we cannot obtain elsewhere so advantageously. Now the question to be answered is simply this—is it our interest respectively to take from each other such articles as we can import cheaper than we can make or produce them at home? I cannot conceive there will be a moment's hesitation in answering in the affirmative. Neither, I think, will it be disputed, that the more we can induce other nations to take what we can advantageously produce and spare with advantage, it is our interest to do so; and I see no way so effectual to accomplish this end as by removing all protecting and prohibitory duties. If other nations are obstinate, and will not reciprocate mutual benefits, do not let us aggravate the evil and punish ourselves by retaliating and depriving ourselves of many of the necessities of life by high duties, which to the extent the duties are imposed must produce this effect, as it costs us more labour to obtain and supply our wants. When these prohibitions are carried too far, they either annihilate the trade altogether, or smugglers step in, as in Spain, to the injury of the revenue and demoralization of the nation; and we have ample proof from experience that moderate duties produce the most revenue, and that by removing restrictions we have materially increased our exports to nations who have become more stringent in their prohibitions.

I send you the Anti-monopoly Society's Report for last year, in the appendix to which you will find proof of this. I would throw commercial treaties to the wind, and act solely as I deemed it the interest of my country, without reference to what other nations do, never losing sight of the fact that no people can import without exporting an equivalent—we cannot sell without we buy—we are not generous enough to give the products of our industry, without obtaining for them something that is more valuable to us than that with which we part; and the further we can create these changes the more both parties and the nation are enriched; for their labour, skill, and capital are then turned to the best possible account, by creating the greatest quantity of value to make exchanges with.

Just take one example of the injustice that heavy duties do in injuring your farmers, and all those who buy woollens, cottons, hardware, &c. &c. Let us suppose you charge a duty of fifteen per cent. on woollens, as you did at one period, and that two barrels of flour then bought or exchanged for one piece of cloth; but,

to sustain your manufacturing pursuits, you induce the government to raise these duties to one-third on the previous cost and duty, which would be less than your present rates, then it requires three barrels of the farmer's flour to buy the same quantity of woollens, which is a positive loss to him, and to all other purchasers, who must part with a larger value of property to obtain this cloth, without any corresponding advantage to the manufacturers, unless they have some local or natural advantages; they may not derive more than a living profit out of their trade when all the rest of the country is heavily taxed to sustain them in their business. If the manufacturers have more than a fair profit, it is equally unjust that others should pay for their exclusive benefit. Just fancy us forcing the growth of pine apples in England, and you breeding Shetland ponies at New Orleans. This is nothing but a strong illustration of the folly, and waste of labor and capital in attempting to effect what others can do for us on much better terms.

A tailor can make clothes infinitely better and cheaper than a shoemaker; a shoemaker can do the same with shoes much better than the tailor. Now, what would be the effect of laying countervailing or prohibitory duties between these two parties? Would it not punish both by compelling them to make a worse article, and at an unprofitable and greater expenditure of labour than if each was left to his own natural trade to supply the other with clothes and shoes?

Can there be a doubt of this? Now, fancy the trade of New York and Boston interfered with by countervailing and prohibitory duties; go a step further, and imagine the nations of the earth all pursuing the same suicidal policy; and I leave you to draw the inference. The effect appears to me as clear as the sun at noon; yet this is the policy, so far as nations are concerned, that you advocate.

Almost all your protection publications, which I have had opportunity of reading more or less, say that all you want is reciprocity. Now on this point we are about testing the sincerity of such declarations, for I hope the packet of the 19th June will carry you out an account of the death-warrant of our Corn Laws, &c., having received the royal assent, and that we are about to give your flour, wheat, Indian corn, cotton, lard, &c. &c., free admission to our consumers.

It is true our government, with a view to raise revenue, prohibits the growth of tobacco in Great Britain, although it can be raised of a very fair quality in Ireland, and better for the consumers than the adulterated trash now used by them. This gives you a complete monopoly of our market for that article, although it will continue taxed. It is your interest that this course should be pursued, but I much question whether it is ours. I am not without hope that even here, by and by, we will get the duty reduced, unless by your prohibitions you put it out of our power to pay for what we want by our exports, direct or indirect—for this is the limit and the only limit there ought to be to trade. Your farmers and planters are a much less intelligent and shrewd people than I take them to be if they do not clearly see that having all the world for consumers, and all the nations of the earth open to draw such articles from as they want, is much better for them than to be placed in the position of having only one customer to sell to, whose interest it is to buy cheap, and only one monopoly and protected country (the home market) to go for supplies—for let it be disguised or mystified as it may, this is the practical effect of prohibiting imports by excessive duties. It is national suicide. I must again repeat, and we must never lose sight of this fact, without we buy we cannot sell. There is no such thing as a one-sided trade—it is impossible.

You seem afraid of panics occurring from the specie leaving your shores. I beg to ask whether the large measure of protection on both you and we have hitherto had, has prevented those panics? if not, why rely on it for producing this effect in future? Protecting duties have the very reverse effect of what you allege,—they aggravate the evil. Panics will always occur in commercial countries, but with less intensity where the channels of commerce are not obstructed and dammed-up by unwise restrictions. Your banks being obliged to curtail their discounts when there are heavy calls on their vaults, is a necessary and salutary check to excessive speculation, and helps to prevent its going to dangerous lengths, disorganizing the trade of the country, and producing great distress to many.

I wrote you a few hasty lines when I first was made aware of the use made of the extract of my letter to Mr. Rolfe; but since you have favoured me with a copy of all your letters, I felt called on to endeavour to shew the error you have fallen into, not only in a commercial point of view, but in a moral one. The more we are depending on each other, the better. Natural interest begets strong friendships, and greatly decreases the chances of war, and it allows commerce to spread civilization and Christianity to the remotest corners of the world.

Believe me,

My dear Sir,

ever sincerely your friend,

WILLIAM BROWN."